92-2259

A	LANCER ORTHODONTICS INC	10Q	02-29-92
B	VALLEY FAIR CORP	10Q	04-26-92
C	IN FOCUS SYSTEMS INC	10Q	03-31-92
D	LAUREL BANCORP INC	10Q	05-31-92
E	REGIONAL BANCORP INC	10Q	03-31-92
F	SILICON DISK CORP	10Q	03-31-92
G	USA WASTE SERVICES INC	10Q	03-31-92
H	S AND T BANCORP INC	10Q	03-31-92
I	BIOPOOL INTERNATIONAL INC	10Q	03-31-92
J	DISCOVERY TECHNOLOGIES INC	10Q	03-31-92
K	MOUNTAIN FUEL SUPPLY CO	10Q	03-31-92
L	CARL KARCHER ENTERPRISES INC	10Q	05-18-92
M	E-Z SERVE CORP	10Q	03-31-92
N	PAGING NETWORK INC	10Q	03-31-92
O	SPORTSWORLD 2000 INC	10Q	03-31-92
P	BIG O TIRES INC	10Q	03-31-92
Q	NSA INC (CO)	10Q	02-29-92
R	SECTOR ASSOCIATES LTD	10Q	03-31-92
S	INAV TRAVEL CORP	10Q	03-31-92
T	JEC LASERS INC	10Q	05-31-92
U	MINUTE MAN OF AMERICA INC	10Q	03-31-92
V	GEXA GOLD CORP	10Q	03-31-92

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15 (d) of the Securities
Exchange Act of 1934

For Quarter Ended February 29, 1992 Commission File No. 0-5920

LANCER ORTHODONTICS, INC.
(Exact name of registrant as specified in its charter)

CALIFORNIA (State or other jurisdiction of incorporation or organization)	95-2497155 (I.R.S. Employer Identification No.)

6050 Avenida Encinas, Carlsbad, California 92009
(Address of principal executive offices)

Registrant's telephone number, including area code: (619) 438-4112

Former name, former address, former fiscal year if changed since last report

Not applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock, Without Par Value (Title of Class)	9,013,382 (No. of Shares Outstanding)

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PART I. FINANCIAL INFORMATION

Item 1. SUMMARIZED FINANCIAL INFORMATION

See Exhibit A

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In May 1990 the Registrant changed its year end from August 31 to May 31. For the first nine months of fiscal 1992 the registrant's financial condition was as follows:

	2-29-92	05-31-91	05-31-90
Current Assets................	$3,252,330	$3,712,561	$4,802,551
Current Liabilities...........	3,813,625	4,526,898	2,675,495
Working Capital...............	(561,295)	(814,337)	2,127,092
Long-Term Debt and Obligations under Capitalized Leases......	78,741	130,538	1,212,415
Shareholder Equity............	1,200,373	1,266,952	3,243,193
Total Assets..................	5,092,739	5,924,388	7,131,067

For the nine months ended February 29,1992, net sales decreased $1,902,903 (28.1%) compared to the year earlier period. The decrease was the result of the general state of the economy in the United States, a reduced number of sales representatives, un-availability of products due to equipment problems and the start up of manufacturing in Mexico. The Registrant is undertaking several steps to increase sales including expanding its sales force, expanding its customer base and implementing a telemarketing program.

Cost of sales decreased from 73.4% to 67.3% as compared to the prior year. This decrease is attributable to the reduced cost to manufacture in Mexico and reduction of labor and overhead costs in the U.S.. To improve cost of sales the Registrant continues to move the remaining manufacturing to Mexico, to reduce costs in the U.S. and to invest in new equipment which will provide a cost savings.

Selling and general & administrative expenses decreased $852,616 (33.3%) in the first nine months. The decrease is the result of reduced personnel, advertising and professional fees.

Product development expenses decreased $102,397 (32.2%) in the first nine months. The decrease is the result of reduced personnel.

Over the past year the registrant has significantly restructured itself and reduced costs and expenses to help insure a return to profitability.

Interest expense decreased $16,203 (6.8%) reflecting lower interest rates.

Working capital increased $253,042 during the first nine months primarily the result of the conversion of convertible debentures, an increase in inventory, a decrease in accounts payable and accrued liabilities offset by a decrease in accounts receivable and cash. While the Registrant continues to experience problems with liquidity shortfalls, steps are being taken to ease the liquidity problems. These include raising equity funding via private placement of common stock and the conversion of debt plus accrued interest into common stock.

On December 9, 1991 the Registrant entered into an agreement with Malibu Colony Partners I (MCP-I) under which MCP-I agreed to make a $500,000 equity investment in the Registrant. For its equity investment MCP-I was to receive, in a private placement, 2,500,000 shares of newly issued Common Stock of the Registrant. The equity investment was to be made over a period of several months. MCP-I has made payments of $200,000 which have been segregated until the Common Stock is issued to MCP-I. There has been a delay in the final payment of $300,000, however, payment is expected to be received in the Registrants fourth quarter of 1992. Until the final payment is made MCP-I has agreed to assign certain collateral to the Registrant.

In February, 1992 the Registrant arranged for the conversion of $410,000 of 8% convertible subordinated debentures plus accrued interest into shares of newly issued Common Stock. The conversions were at the rate of either $.20 or $.30 per share with a total of 2,222,546 shares issued. The Registrant is actively pursuing the conversion of $499,425 in additional debt plus accrued interest. The Registrant has agreements with holders of $313,000 of debt to convert the debt plus accrued interest into shares of newly issued Common Stock.

In February, 1992 the Registrant raised $30,000 of equity funding through the sale of shares of newly issued Common Stock at $.30 per share.

In March, 1992 the Registrant raised $50,000 of equity funding through the sale of shares of newly issued Common Stock at $.30 per share.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In a patent infringement action brought by Ormco Corporation of Glendora, California, against the Registrant, the jury returned a verdict in favor of the Registrant by finding the patent-in-suit invalid. Ormco had filed suit against the Registrant for the alleged infringement of U.S. Patent No. 4,415,330, which relates to orthodontic brackets having a rhomboidal configuration. The Registrant denied infringement and asserted that the Ormco patent was invalid.

After a three week jury trial in the Federal District Court in San Diego, the ten member jury found the Ormco patent to be invalid for failing to disclose the best mode of practicing the invention. Although the jury was unable to reach a unanimous decision on the issue of infringement, it is now a moot issue in view of the invalidity of Ormco's patent.

In February, 1992 the Registrant and a former employee entered into a mutual settlement and release agreement under which all parties dismissed all complaints and counterclaims.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

A Form 8-K report was filed on December 9, 1991 and another Form 8-K was filed on February 24, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LANCER ORTHODONTICS, INC.
Registrant

Date March 31, 1992

By Douglas D. Miller
Douglas D. Miller, President

By Scott R Striblen
Scott R. Striblen, Vice President,
Controller

EXHIBIT A

SUMMARIZED FINANCIAL INFORMATION

LANCER ORTHODONTICS, INC.

Condensed Statement of Operations (Unaudited)

	For the three months ended		For the nine months ended	
	2/29/92	2/28/91	2/28/92	2/28/91
NET SALES	$1,448,583	$2,192,967	$4,865,930	$6,768,833
COST OF SALES	1,058,980	1,860,211	3,279,296	4,966,446
Gross Profit	389,603	332,756	1,586,634	1,802,387
OPERATING EXPENSES:				
Selling, general & administrative	576,087	794,265	1,707,072	2,559,688
Product development	65,779	91,736	215,996	318,393
EARNINGS(loss) from operations	(252,263)	(553,245)	(336,434)	(1,075,694)
OTHER (INCOME) EXPENSE:				
Interest expense	65,882	33,838	223,675	239,878
Other (income) expense, net	(5,817)	(5,258)	(19,020)	(10,866)
EARNINGS (LOSS) BEFORE INCOME TAXES	(312,328)	(631,825)	(541,089)	(1,304,706)
INCOME TAXES (BENEFIT) (NOTE E)	---	---	---	---
NET INCOME (LOSS)	$ (312,328)	$ (631,825)	$(541,089)	$(1,304,706)
NET EARNINGS (LOSS) PER COMMON SHARE (NOTE D)	$ (.047)	$ (.094)	$ (.081)	$ (.195)

LANCER ORTHODONTICS, INC.

Condensed Balance Sheets (Unaudited)

ASSETS

	2-29-92	05-31-91
CURRENT ASSETS		
Cash	$ --	$ 52,318
Accounts receivable less allowances of $109,206 and $126,500 respectively	1,080,907	1,744,537
Inventories	2,165,564	1,884,881
Prepaid expenses	5,859	30,825
Total current assets	3,252,330	3,712,561
PROPERTY AND EQUIPMENT (at cost)	2,734,834	2,958,132
Less: Accumulated depreciation	(1,804,790)	(1,730,809)
	930,044	1,227,323
INTANGIBLE ASSETS		
Marketing and distribution rights	315,400	334,075
Technology use rights	588,798	641,680
	904,198	975,755
OTHER ASSETS	6,167	8,749
TOTAL ASSETS	$5,092,739	$5,924,388

LANCER ORTHODONTICS, INC.

Condensed Balance Sheet (Unaudited)

LIABILITIES AND STOCKHOLDERS EQUITY

	2-29-92	05-31-91
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$1,309,735	$1,672,558
Note payable to bank	1,173,000	1,173,000
Current portion of long-term debt and capital lease obligations (Note B)	1,330,890	1,681,340
Total current liabilities	3,813,625	4,526,898
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Note B)	78,741	130,538
STOCKHOLDER'S EQUITY (Note C)		
Common stock, no par value: authorized - 50,000,000 and 10,000,000 shares respectively; Issued and Outstanding, 9,013,382 and 6,690,836 shares; respectively	3,302,791	2,828,281
Retained earnings	(2,102,418)	(1,561,329)
Stockholder's Equity	1,200,373	1,266,952
COMMITMENT AND CONTINGENCIES (Note F and G)	--	--
TOTAL LIABILITIES AND EQUITY	$5,092,739	$5,924,388

LANCER ORTHODONTICS, INC.

Condensed Statements of Cash Flows (Unaudited)

	For the nine months ended February 29	
	1992	1991
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net earnings (loss)	$(541,089)	$(1,304,706)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation & amortization	443,779	398,932
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net	663,630	462,177
(Increase) decrease in inventory	(280,683)	578,225
(Increase) decrease in prepaid expenses	24,966	34,348
Increase (decrease) in accounts payable and accrued liabilities	(328,314)	(137,758)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(17,711)	31,218
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property and equipment	(74,942)	(348,684)
Purchase of Technology Use Rights	- -	(9,463)
Other net	2,582	(371)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(72,360)	(358,518)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Net borrowings (payments) under line-of-credit agreement	- -	73,000
Proceeds of long-term debt	85,000	468,000
Payments of long-term debt and capital leases	(77,247)	(210,305)
Proceed from sale of common stock	30,000	— —
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	37,753	330,695
INCREASE (DECREASE) IN CASH	(52,318)	3,395
CASH AT BEGINNING OF THE PERIOD	52,318	46,047
CASH AT END OF THE PERIOD	$ --	$ 49,442

Supplemental disclosure of non-cash financing and investing activities:

In February, 1992, the Registrant arranged for the conversion of $410,000 in convertible debentures and $34,509 in accrued interest into Common Stock.

LANCER ORTHODONTICS, INC.

Footnotes to Financial Statements

Note A - Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flow in conformity with generally accepted accounting principles. The unaudited condensed financial statements include the accounts of Lancer Orthodontics, Inc. (the Registrant) and its wholly-owned marketing subsidiary, RDS Associates, Ltd., after the elimination of intercompany accounts and transactions. The operating results for interim periods are unaudited and are not necessarily an indication of the results to be expected for the full fiscal year. In the opinion of management, the results of operations as reported for the interim period reflect all adjustments which are necessary for a fair presentation of operating results.

Note B - Long-Term Debt

Long-term debt and capital leases at February 29, 1992 and May 31, 1991 consisted of:

	2-29-92	05-31-91
Note payable to bank, interest at prime plus 2.0%, secured by inventories, equipment and receivables	$ 749,995	$ 749,995
Unsecured subordinated convertible debentures due in 1992, interest at 8%, 11% and 12.5%	204,425	629,625
Convertible unsecured promissory notes, interest at prime plus 2.0%	295,000	210,000
Unsecured promissory notes, interest at 10%	9,414	15,664
Obligation under sales territory repurchase, interest at 10%	30,000	55,670
Obligations under Capital leases	120,797	150,924
	1,409,631	1,811,878
Less current portion	1,330,890	1,681,340
	$ 78,741	$ 130,538

Note C - Stockholder's Equity

Common Stock Reserved

Shares of the Registrant's common stock reserved for issuance at February 29, 1992, and May 31, 1991 were as follows:

	2-29-92	05-31-91
Stock options:		
Outstanding	1,231,000	350,000
Future issuance	--	501,153
Warrants issued in conjunction with loans and convertible debt	1,559,167	1,346,667
For conversion of convertible debt	2,169,750	2,882,479
	4,959,917	5,080,299

The Registrant has authorized stock options that, if issued, would exceed the number of shares authorized under its stock option plans. The Registrant, at its next annual meeting, will put to the shareholders for vote a resolution increasing the number of shares available for stock options by 1,000,000.

Note D - Earnings per Common Share

Net income per common share is computed based on the weighted average number of common shares and common equivalent shares outstanding (6,690,836 and 6,690,836 at February 29, 1992 and February 28, 1991 respectively) during each period. Outstanding stock options and warrants are common stock equivalents but they have not been included in the number of shares outstanding at February 29, 1992 and February 28, 1991 because the effect would be anti-dilutive.

Note E - Income Taxes

The Company adopted Statement of Financial Accounting Standards No. 96 (SFAS No. 96) effective in fiscal year 1988 which requires an asset and liability approach for financial accounting standards for income taxes.

At May 31, 1991, the Registrant had a net operating loss carry forward of $2,332,000 for tax purposes. In addition, at May 31, 1991, the Registrant has approximately $344,000 of temporary differences representing future deductible amounts, and if recognized, will be shown as a reduction of taxable income. In accordance with the provision of SFAS No. 96, no reduction to income tax expense was recorded in 1991.

Footnotes to Financial Statements (Continued)

Note E - Income Taxes (Continued)

As of May 31, 1991, business tax credits which may be carried forward to reduce federal income taxes in future years aggregated approximately $218,000 which expire between 1993 and 2006.

Note F - Litigation

The Company is a party to two lawsuits arising out of the normal conduct of its business. One lawsuit involves the alleged violation of fiduciary and contractual relationships with the Company by a former employee, and one lawsuit alleges infringement by the Company of a patent held by Class One Orthodontic, Inc.. While the ultimate results of the lawsuits cannot be predicted with certainty, management, based upon advice of legal counsel, does not expect these matters will have a material adverse effect on the consolidated financial position or results of operations of the Company.

Note G - Manufacturing Agreement

In May, 1990, the Registrant entered into a manufacturing subcontractor agreement whereby, the subcontractor agreed to provide manufacturing services to the Registrant through its affiliated entities located in Mexicali, B.C., Mexico. The Registrant has moved the majority of its manufacturing operations to Mexico. Under the terms of the agreement the subcontractor will manufacture the Registrant's products based on an hourly rate per employee based on the number of employees in the subcontractor's workforce. As the number of employees increases the hourly rate decreases. The agreement is for a term of 36 months with two option periods of 36 and 48 months, respectively. The Registrant has retained the option to convert the manufacturing operation to a wholly-owned subsidiary at any time after the initial 24 months of the agreement has lapsed. The cost of conversion is based on a declining scale from the 24th to the 60th month of the agreement.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended ...... April 26, 1992 ....

392-2059

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....

PROCESSED BY
JUN 9 1992

Commission File Number ....0-1636...

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THE VALLEY FAIR CORPOR

(Exact name of registrant as specified in its charter)

DELAWARE	22-1727148
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
260 Bergen Turnpike, Little Ferry, New Jersey	07643
(Address of principal executive offices)	Zip Code

(201) 440-4000

(Registrant's telephone number, including area code)

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NONE

(Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes..X.. No....

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of the securities under a plan confirmed by a court. Yes..... No.....

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

368,802 shares April 26, 1992

The Valley Fair Corporation and Subsidiary

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Consolidated Condensed Statements of Income Thirteen Weeks Ended April 26, 1992 and Thirteen Weeks Ended April 28, 1991	3
Consolidated Statements of Cash Flow - Thirteen Weeks Ended April 26, 1992 Thirteen Weeks Ended April 28, 1991	4 & 5
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Management's Discussion and Analysis of the Consolidated Condensed Statements of Income	7
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THE VALLEY FAIR CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
<Unaudited>

ASSETS	April 26, 1992	January 26, 1992
Current assets:		
Cash	$1,762,022	$1,625,471
Short-term investments	1,280,079	1,470,699
Accounts and notes receivable - net	782,493	327,793
Inventories	25,311,904	25,138,360
Prepaid expenses	310,765	372,768
Deferred income taxes	426,000	426,000
Total Current Assets	29,873,263	29,361,091
Property, plant and equipment, net	5,479,999	5,576,337
Other		
Liquor license	32,515	32,515
Notes receivable, deposits, etc.	17,244	10,876
Cash surrender value-officers' life insurance - net of loans	235,746	235,746
	35,638,767	35,216,565

LIABILITIES AND STOCKHOLDERS' EQUITY		1992	1991
Current liabilities:			
Current maturities of long-term debt		526,023	519,413
Accounts payable	Trade	2,625,573	4,018,064
	Affiliate	0	213,397
Accrued expenses and other current liabilities		1,705,038	1,534,550
Corporate taxes payable		224,349	410,385
Total current liabilities		5,080,983	6,695,809
Long-term debt, less current maturities		2,400,380	2,523,548
Note payable		9,750,000	7,750,000
Deferred income and security deposits		504,225	560,998
Deferred income taxes		595,182	578,682
Total liabilities		18,330,770	18,109,037
Stockholder's equity			
Common stock par value $.30 per share; authorized 666,666 shares, issued 368,802 shares at April 26, 1992 and January 27, 1991		110,641	110,641
Additional paid-in capital		825,463	825,463
Retained earnings		16,371,893	16,171,424
Total stockholers equity		17,307,997	17,107,528
		$35,638,767	$35,216,565

The accompanying notes are an integral part of these condensed financial statements.

THE VALLEY FAIR CORPORATION AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
<Unaudited>

	Thirteen Weeks Ended	
	April 26, 1992	April 28, 1991
Net sales excluding licensee departments	15,087,949	14,066,873
Cost of Sales	10,422,671	9,748,463
Gross Profit	4,665,278	4,318,410
Tenant department licensee revenue and other	1,107,863	1,057,457
	5,773,141	5,375,867
Expenses:		
Selling, general and administrative	5,188,747	4,885,251
Interest expense	245,925	218,272
	5,434,672	5,103,523
Income before income taxes	338,469	272,344
Income taxes	138,000	110,250
Net Income	200,469	162,094
Earnings per common share	$.54	$.43
Weighted average number of shares outstanding	368,802	368,200

The accompanying notes are an integral part of these condensed financial statements.

THE VALLEY FAIR CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Thirteen Weeks Ended April 26, 1992
Thirteen Weeks Ended April 28, 1991

	1992	1991
Cash flows from operating activities:		
Net Income	$200,469	$162,094
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	197,367	189,038
Increase in accounts and notes receivable	(454,700)	(172,660)
Increase in inventories	(173,544)	(1,189,279)
(Increase) decrease in prepaid items	62,003	(62,609)
Decrease in deferred income and security deposits	(56,773)	(33,891)
Increase in deferred taxes	16,500	20,449
Decrease in accounts payable and accrued expenses	(1,623,436)	(188,300)
(Increase) decrease in other assets	(6,368)	2,121
Total adjustments	(2,038,951)	(1,435,131)
Net cash provided (used) by operating activities	(1,838,482)	(1,273,037)
Cash flows from investing activities:		
Capital expenditures	(101,029)	(121,076)
Net cash used in investing activites	(101,029)	(121,076)

THE VALLEY FAIR CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Thirteen Weeks Ended April 26, 1992
Thirteen Weeks Ended April 28, 1991

	1992	1991
Cash flows from financing activities:		
Proceeds from issuance of debt	2,012,306	1,846,688
Principal payments of debt	(128,864)	(132,352)
Purchase of common stock		0
Net cash provided by financing activites	1,883,442	1,714,336
Net increase (decrease) in cash	(54,069)	320,223
Cash and cash equivalents at beginning of period	3,096,170	2,686,865
Cash and cash equivalents at end of period	3,042,101	3,007,088

THE VALLEY FAIR CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE THIRTEEN WEEKS ENDED APRIL 26, 1992
<Unaudited>

NOTE 1 - BASIS OF PRESENTATION

The financial information included herein is unaudited. In addition, the financial information does not include all disclosures required under generally accepted accounting principles because certain note information included in the company's annual report has been omitted: however; such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the result for the interim periods.

The results of operations for the Thirteen Weeks Ended April 26, 1992 and the Thirteen Weeks Ended April 28, 1991 are not necessarily indicative of the results to be expected for the full year.

NOTE 2 - EARNINGS PER SHARE

Earnings per share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the periods. The Company has purchased and retired additional shares during the current periods. The earnings per share calculation has been adjusted to reflect these retirements during the periods.

THE VALLEY FAIR CORPORATION AND SUBSIDIARY

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Consolidated net sales increased approximately $1,021,000 or 7.3% for the thirteen week period ended April 26, 1992, as compared to the thirteen weeks ended April 28, 1991. Same store sales increased approximately $790,000. Tenant license revenue increased approximately $50,000 on a comparative thirteen week basis.

The gross margin for the thirteen weeks ended April 26, 1992 was 30.9% as compared to 30.7% for same period a year ago. The gross margin percentage was attributed to the sale of merchandise which had been purchased on terms favorable to the Corporation.

Selling, general and administrative expenses increased approximately $304,000 or 6.2%. The relationship of these expenses to net sales was 34.4% for this period compared to 34.7% for the period a year ago. The increase in these expenses was primarily the result of increased salaries of approximately $162,000.

Interest expense increased approximately $28,000 or 12.7% as compared to the 1991 period as a result of increased debt levels on a quarter to quarter comparison.

The Corporation's effective income tax rate for the two periods was approximately 41%.

Liquidity and Capital Resources

As of April 26, 1992, the Corporation's cash and short term investment balances amounted to $3,042,000. The Corporation's principal sources of liquidity are its available cash balances and funds available through its line of credit.

The Corporation believes that its cash and investment balances will be sufficient to meet its anticipated needs throughout the remainder of the fiscal year 1993.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(b) Reports from 8-K - There were no reports on form 8-K filed for the quarter ended April 26, 1992.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

THE VALLEY FAIR CORPORATION
(Registrant)

Date: 6-5-92

Erwin Lehr - President

Date: 6-5-92

Ross N. Alfieri
Ross N. Alfieri - Treasurer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 000-18908

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In Focus Systems, Inc.
(Exact name of registrant as specified in its charter)

Oregon (State or other jurisdiction of incorporation or organization)	93-093212 (I.R.S. Employer Identification No.)
7770 SW Mohawk Street, Tualatin, Oregon (Address of principal executive offices)	97062 (Zip Code)

Registrant's telephone number, including area code 503-692-4968

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock without par value (Class)	7,837,037 (Outstanding at April 27, 1992)

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IN FOCUS SYSTEMS, INC.
FORM 10-Q
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IN FOCUS SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
Assets		
Current assets:		
Cash and cash equivalents	$ 4,259,330	$15,145,262
Investments	16,910,532	7,645,365
Accounts receivable, net	9,127,199	8,696,142
Inventories, net	8,919,996	5,963,334
Other current assets	1,129,290	1,310,757
Total current assets	40,346,347	38,760,860
Property and equipment, net	2,310,636	2,263,799
Other assets	317,541	297,879
	$42,974,524	$41,322,538
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of capital lease obligations	$ 395,444	$ 373,499
Income taxes payable	4,014	320,744
Accounts payable	6,595,394	5,229,068
Payroll and related benefits payable	486,389	368,814
Other current liabilities	696,994	1,181,908
Total current liabilities	8,178,235	7,474,033
Capital lease obligations	366,462	407,279
Shareholders' equity:		
Common stock, 30,000,000 shares authorized; shares issued and outstanding: 7,786,640 (1992) and 7,700,488 (1991)	24,656,944	24,533,429
Additional paid-in capital	779,957	544,957
Retained earnings	8,992,926	8,362,840
	34,429,827	33,441,226
	$42,974,524	$41,322,538

The accompanying notes are an integral part of these statements.

IN FOCUS SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31,	
	1992	1991
	(Unaudited)	
Revenue	$12,605,536	$13,041,031
Cost of sales	8,030,510	6,950,951
Gross profit	4,575,026	6,090,080
Operating expenses:		
Marketing and sales	2,276,209	1,726,993
Engineering	1,025,686	711,725
General and administrative	728,767	772,838
	4,030,662	3,211,556
Income from operations	544,364	2,878,524
Other income (expense):		
Interest expense	(24,983)	(24,376)
Interest income	281,742	371,685
Other expense, net	39,963	(47,996)
	296,722	299,313
Income before provision for income taxes	841,086	3,177,837
Provision for income taxes	211,000	1,067,500
Net income	$ 630,086	$ 2,110,337
Net income per share	$.07	$.23
Shares used in per share calculations	8,932,109	8,983,722

The accompanying notes are an integral part of these statements.

IN FOCUS SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income	$ 630,086	$ 2,110,337
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	218,162	98,126
(Gain) Loss on sale of equipment		119
(Increase) decrease in:		
Accounts receivable, net	(431,057)	(746,246)
Inventories, net	(2,956,662)	(710,913)
Other current assets	181,467	(197,315)
Increase (decrease) in:		
Income taxes payable	(316,730)	732,759
Accounts payable	1,366,326	(1,683,532)
Payroll and related benefits payable	117,575	127,311
Other current liabilities	(484,914)	118,807
Net cash used in operating activities	(1,675,747)	(150,547)
Cash flows from investing activities:		
Purchase of investments	(13,165,167)	—
Sale of investments	3,900,000	—
Payments for purchase of property and equipment	(264,999)	(324,204)
Other assets	(19,662)	33,066
Net cash used in investing activities	(9,549,828)	(291,138)
Cash flows from financing activities:		
Proceeds from sale of common stock	123,515	1,763,227
Income tax benefit of disqualifying dispositions	235,000	—
Payments of common stock issuance costs	—	(112,656)
Proceeds from issuance of long-term debt	79,031	199,241
Repayment of long-term debt (shareholders and officers)	—	(117,745)
Repayment of long-term debt	(97,903)	(55,197)
Due from shareholders and officers	—	257,000
Net cash provided by financing activities	339,643	1,933,870
Increase (decrease) in cash and cash equivalents	(10,885,932)	1,492,185
Cash and cash equivalents:		
Beginning of period	15,145,262	19,545,317
End of period	$ 4,259,330	$ 21,037,502

The accompanying notes are an integral part of these statements.

IN FOCUS SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1: Basis of Presentation

The financial information included herein for the three-month periods ended March 31, 1992 and 1991 is unaudited; however, such information reflects all adjustments consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest annual report to shareholders.

The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Note 2: Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out method, or market, and include materials, labor and manufacturing overhead.

	March 31, 1992	December 31, 1991
Raw materials and components	$5,929,175	$4,064,956
Work-in-process	901,031	1,020,489
Finished goods	2,089,790	877,889
	$8,919,996	$5,963,334

Note 3: Contingencies

In March 1992 the Company entered into a settlement agreement with Computer Accessories Corporation (now called Proxima Corporation) resolving all claims, counter claims and defenses arising from the patent infringement suit the Company filed in May 1990. As a result, the reserve of $400,000 for potential legal expenses associated with this matter was reversed and, accordingly, reduced reported general and administrative expenses in the first quarter of 1992.

IN FOCUS SYSTEMS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenue decreased to $12.6 million in the first quarter of 1992 from $13.0 million in the first quarter of 1991, and was relatively flat compared to $12.7 million in the fourth quarter of 1991. The number of units sold in the first quarter of 1992 was higher than in the first quarter of 1991, however, the average sales price was lower due to increased competition, sales of lower priced products, and price reductions implemented to phase out certain mature products, as the Company began shipping five new products in March 1992. International revenue decreased to 37 percent of revenue as compared to 53 percent in the first quarter of 1991. This is primarily due to reduced sales of product to Minnesota Mining and Manufacturing Company (3M) for resale under the 3M label worldwide which represented approximately 8 percent of revenue in the first quarter of 1992, as compared to 26 percent in the corresponding period of 1991. The Company expects sales to 3M to fluctuate based on the product mix offered under the 3M label. However, the Company expects sales to 3M to remain at a lower percentage of revenue as compared to 1991, as the Company increases its brand name product sales.

Gross profit, as a percentage of revenue, decreased to 36 percent in the first quarter of 1992 from 47 percent in the first quarter of 1991, due to lower average sales prices discussed previously. Although fluctuations in gross margin will occur as product mix changes in the future, the Company does not expect to achieve the 1991 gross margin levels primarily due to pricing pressure from increased competition.

Marketing and sales expense increased to $2.3 million (18 percent of revenue) in the first quarter of 1992 from $1.7 million (13 percent of revenue) in the first quarter of 1991. The increase in expenses is primarily attributable to advertising, marketing collateral and trade show expenses related to new product introductions in March 1992 and expenses related to the European sales and marketing office which was opened in the second quarter of 1991.

Engineering expense increased to $1.0 million (8 percent of revenue) in the first quarter of 1992 from $0.7 million (5 percent of revenue) in the first quarter of 1991. The increase was due to prototype materials and salary expense related to the development of the new products introduced in March 1992.

General and administrative expense of $0.7 million in the first quarter of 1992 consists of operating expense of $1.1 million offset by the reversal of $0.4 million of legal expenses accrued prior to settlement of the patent infringement litigation in March 1992 (see Note 3 of Notes to Consolidated Financial Statements). General and administrative expense, without the effect of the reversal, of $1.1 million (9 percent of revenue) in the first quarter of 1992 increased from $0.8 million (6 percent of revenue) in the first quarter of 1991. The increase is attributable to recruiting expenses related to the hiring of three new executives and additional costs due to increased personnel.

Interest income decreased in the first quarter of 1992 from the first quarter of 1991, as a result of lower rates of return on cash equivalents and investments.

Income taxes are based on an estimated rate of approximately 25 percent which has decreased from 34 percent in the first quarter of 1991 and 29 percent for the year ended December 31, 1991, primarily due to the sustained level of benefit from the research and development tax credit on a relatively lower income before taxes.

Liquidity and Capital Resources

At March 31, 1992 working capital was $32.2 million, including $4.2 million of cash and cash equivalents and $16.9 million of investments. In the first quarter of 1992, working capital increased by $0.9 million and the current ratio decreased to 4.9:1 from 5.2:1.

Cash and cash equivalents decreased $10.9 million primarily due to the net purchase of $9.3 million of investments which are not classified as cash and cash equivalents, and the $1.7 million of cash used in operating activities.

Inventories increased $3.0 million as a result of increased material requirements of the five new products added to the Company's product line in the first quarter and the build up of inventory in anticipation of increased sales from the new products. Accounts payable increased $1.4 million primarily due to the increased inventory purchases. The decrease in other current liabilities was related to the reversal of the reserve for potential legal expenses related to the Proxima litigation (see Note 3 of Notes to Consolidated Financial Statements).

The Company's financial requirements, including both short- and long-term cash needs, are expected to be met from existing cash balances, cash flow from operations and funds available under credit and capital lease facilities.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In Focus Systems, Inc. (the "Registrant") and Proxima Corporation ("Proxima") have entered into a settlement agreement resolving all claims in a suit pending in the United States District Court for the Southern District of California. This suit was originally filed by the Registrant in May 1990 and sought to recover damages from Proxima for infringement of the Registrant's color display system patent. Proxima denied the Registrant's claim of infringement and brought counterclaims against the Registrant alleging invalidity of the Registrant's patent, unfair competition and violation of the federal antitrust laws.

Under the terms of the settlement agreement announced on March 31, 1992, the Registrant and Proxima have each granted the other a nonexclusive license under certain of their respective color display technology patents. The parties have agreed to keep all other terms of the settlement confidential.

See also Note 3 of Notes to Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders of the Company was held on April 23, 1992 at which the following actions were taken:

1. A majority of the shareholders elected the four nominees for director to the Board of Directors of the Company. The four directors elected were Steven R. Hix, Paul E. Gulick, John R. Dougery, and John V. Harker.

2. The shareholders approved the appointment of Arthur Andersen & Co. as the independent auditors of the Company for the year ending December 31, 1992 (5,613,992 shares were voted affirmatively, 10,270 shares were voted negatively and 13,503 shares abstained from voting).

3. The shareholders approved an amendment to the Company's Combination Stock Option Plan to increase the aggregate number of shares of common stock that may be issued thereunder to 3,000,000 shares (4,333,399 shares were voted affirmatively, 323,626 shares were voted negatively and 26,982 shares abstained from voting).

Item 6. Exhibits and Reports on Form 8-K

A report on Form 8-K was filed March 23, 1992 disclosing the hiring of John V. Harker as President and Chief Executive Officer. No other reports on Form 8-K were filed during the quarter ended March 31, 1992.

The exhibits filed as a part of this report are listed below.

Exhibit No.	
11	Calculations of Net Income Per Share
20	Quarterly Report to Shareholders - Quarter ended March 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date May 13, 1992

IN FOCUS SYSTEMS, INC.

John V. Harker
Chief Executive Officer

Joseph I. Martin
Vice President, Finance and
Administration (Principal Financial
and Accounting Officer)

IN FOCUS SYSTEMS, INC.

Exhibit 11

CALCULATIONS OF NET INCOME PER SHARE

	Three Months Ended March 31, 1992 (1)	Three Months Ended March 31, 1991 (2) Primary	Three Months Ended March 31, 1991 (2) Fully Diluted
Actual weighted average shares outstanding for the period	7,743,221	7,586,363	7,586,363
Dilutive common stock options using the treasury stock method	1,188,888	1,397,359	1,436,486
Total shares used in per share calculations	8,932,109	8,983,722	9,022,849
Net income	$ 630,086	$2,110,337	$2,110,337
Net income per share	$.07	$.23	$.23

(1) Fully diluted earnings per share is the same as primary earnings per share, because the average market price was higher than the ending market price per share of the Company's common stock.

(2) Fully diluted earnings per share is not disclosed on the consolidated statement of operations since it is not more than three percent different from primary earnings per share.

Exhibit 20

Quarterly Report to Shareholders

Quarter ended March 31, 1992

to our shareholders:

The first quarter of 1992 was very exciting for In Focus, and culminated with the successful completion of a very aggressive product development program. This ambitious program resulted in the release and shipment of five new products which enables us to blanket the LCD projection market in terms of price, functionality and performance.

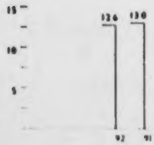
From a financial perspective, the operating results for the quarter were as anticipated. The quarter was one of transition, and compared to first quarter 1991, lower revenue and earnings were expected, as several mature products were phased out and new products introduced. Revenue was $12.6 million, slightly less than the $13.0 million in the first quarter of last year. Net income was $0.6 million ($.07 per share) compared to $2.1 million ($.23 per share) in the first quarter of 1991.

We are optimistic that all of these new products now being shipped will make a significant contribution to revenue and earnings for the remainder of 1992. The new products include:

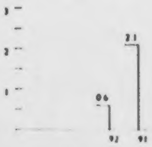
- the 1600OS, a low-cost monochrome LCD projection panel with mouse-speed response rate, used primarily for classroom education and cost conscious business presentations,
- the 7000RX+, a 24,000-color passive matrix projection panel with mouse-speed response rate, used primarily for business presentations,
- the TVT-3000, an active matrix projection panel with 262,144 colors, which can project animation and video for multimedia presentations,
- the TVT-6000, our first active matrix self-contained multimedia video projector, used for multimedia presentations and video training, and
- the 7600XGA, the industry's first very high resolution (1024 *x* 768) passive matrix projection panel for use in high resolution software and hardware development and in work group computing involving sophisticated imaging.

Our goal is to provide the industry's broadest LCD projection product line. With the introduction of the five new products, we have met that goal. Our product strategy is to use our proprietary

revenue
For the three months ended March 31
$millions



net income
For the three months ended March 31
$millions



passive matrix technology whenever possible, but to use other technologies as required, in order to address specific market demands.

The two active matrix products recently introduced caused some customers and shareholders to ask if we were departing from our proprietary passive matrix technology. The answer is absolutely not. Our new active matrix products meet particular market needs now. Our long-term strategy is to continue to improve passive matrix technology, so that it will have the same performance as active matrix, and have the lowest cost.

Our challenge is to increase the speed of passive matrix LCDs while maintaining high contrast. To that end, in this first quarter, we announced a technology breakthrough called "Active Addressing," which allows a passive matrix LCD to achieve full motion video speed with high contrast. We currently have prototypes working in our research lab, and products incorporating this technology are expected to be introduced in 1993. This new technology should allow us to significantly improve the performance of future passive matrix LCD products, and therefore, increase the market penetration of our proprietary technology.

In March, we settled the patent infringement litigation that had been pending with Proxima Corporation. As you may recall, in May 1990 we sued Proxima Corporation for patent infringement of our color patents and Proxima responded by filing counter claims with assertions including patent misuse and violations of antitrust laws. We are satisfied with the outcome of the settlement and pleased we no longer have to commit valuable corporate resources to this matter.

A major new distribution agreement was signed in the first quarter which expands our international distribution channel. Under the terms of this agreement, Barco nv, a Belgian manufacturer and distributor of video projection systems, will sell private-label In Focus Systems' color LCD projectors under the product names Barco BD300 and BD330 in Europe and other markets outside North America.

On April 1, I joined the Company as President and Chief Executive Officer. Steve Hix will continue to be actively involved with the company as Chairman of the Board and will remain responsible for technology and product planning and development of long-range corporate strategy. I am excited about In Focus and our prospects for the future, and I look forward to working with Steve as we take on the challenges ahead.

JOHN V. HARKER
President and Chief Executive Officer

In Focus Systems, Inc. consolidated statements of operations

Three months ended March 31,	*1992*	*1991*
	(Unaudited)	*(Unaudited)*
Revenue	$ 12,605,536	$ 13,041,031
Cost of sales	8,030,510	6,950,951
Gross profit	4,575,026	6,090,080
Operating expenses:		
Marketing and sales	2,276,209	1,726,993
Engineering	1,025,686	711,725
General and administrative	728,767	772,838
	4,030,662	3,211,556
Income from operations	544,364	2,878,524
Other income (expense):		
Interest expense	(24,983)	(24,376)
Interest income	281,742	371,685
Other expense, net	39,963	(47,996)
	296,722	299,313
Income before provision for income taxes	841,086	3,177,837
Provision for income taxes	211,000	1,067,500
Net income	$ 630,086	$ 2,110,337
Net income per share	$ .07	$ .23
Shares used in per share calculations	8,932,109	8,983,722

In Focus Systems, Inc. consolidated balance sheets

	March 31, 1992	*December 31, 1991*
Assets	*(Unaudited)*	
Current assets:		
Cash and cash equivalents	$ 4,259,330	$ 15,145,262
Investments	16,910,532	7,645,365
Accounts receivable, net	9,127,199	8,696,142
Inventories, net	8,919,996	5,963,334
Other current assets	1,129,290	1,310,757
Total current assets	40,346,347	38,760,860
Property and equipment, net	2,310,636	2,263,799
Other assets	317,541	297,879
	$ 42,974,524	$ 41,322,538
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Current liabilities:		
Current portion of capital lease obligations	$ 395,444	$ 373,499
Income taxes payable	4,014	320,744
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Payroll and related benefits payable	486,389	368,814
Other current liabilities	696,994	1,181,908
Total current liabilities	8,178,235	7,474,033
Capital lease obligations	366,462	407,279
Shareholders' equity:		
Common stock, 30,000,000 shares authorized; shares issued and outstanding: 7,786,640 (1992) and 7,700,488 (1991)	24,656,944	24,533,429
Additional paid-in capital	779,957	544,957
Retained earnings	8,992,926	8,362,840
	34,429,827	33,441,226
	$ 42,974,524	$ 41,322,538

MANUAL SIGNATURE

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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FORM 10-Q

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Quarterly Report Under Section 13 or 15(d) of the

Securities Exchange Act of 1934

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For Quarter Ended May 31, 1992

Commission File Number 00-18381

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Q-Data Corp. - St. Petersburg, FL

Laurel Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Maryland	52-1664844
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

380 Main Street, Laurel, Maryland	20707
(Address of principal executive offices)	(Zip Code)

(301) 725-2552
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____

The number of shares of the registrant's common stock, $.01 par value per share, outstanding as of May 31, 1992 was 781,700.

Page 1 of 14

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PART I
FINANCIAL INFORMATION

LAUREL BANCORP, INC.AND SUBSIDIARIES
Laurel, Maryland

Item 1. CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

	May 31, 1992 (Unaudited)	November 30, 1991
ASSETS		
Cash	$ 2,342,293	$ 1,069,048
Interest bearing deposits in other banks	2,612,018	5,568,978
Federal funds sold	500,000	500,000
Investment securities - market value $2,147,156 (1992) and $2,635,753 (1991)	2,131,343	2,624,644
Mortgage backed securities - market value $9,706,636 (1992) and $11,308,506 (1991)	9,543,369	10,917,434
Loans receivable - net	89,602,024	90,145,237
Foreclosed real estate	262,572	-
Premises and equipment - net	218,892	233,608
Investment in real estate	811,616	912,707
Federal Home Loan Bank stock, at cost	729,900	729,900
Accrued interest receivable - loans	671,278	661,539
- mortgage backed securities	135,774	144,774
- investments	44,309	46,020
Prepaid and refundable income taxes	13,893	8,273
Deferred income taxes	394,004	385,955
Cost of loan servicing rights acquired	438,305	515,055
Other assets	580,970	96,351
	$111,032,560	$114,559,523
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	$ 92,450,448	$ 93,455,820
Federal Home Loan Bank advances	1,750,000	5,250,000
Loans payable	254,506	289,290
Advance payments by borrowers for taxes and insurance	927,191	384,140
Income taxes payable	13,873	104,100
Other liabilities	815,791	594,627
Total liabilities	96,211,809	100,077,977
Stockholders' Equity		
Capital stock $.01 par value; authorized 8,000,000 shares; issued 864,000 shares; outstanding 781,700 and 809,700 shares	7,817	8,097
Additional paid-in capital	4,948,186	5,143,906
Retained earnings (substantially restricted)	10,258,392	9,757,971
	15,214,395	14,909,974
Obligation of Employee Stock Ownership Plan for funds borrowed to purchase stock	(254,506)	(289,290)
Stock purchased by Management Recognition and Retention Plan	(139,138)	(139,138)
Total stockholders' equity	14,820,751	14,481,546
	$111,032,560	$114,559,523

The accompanying notes to consolidated financial statements are an integral part of this statement.

2

LAUREL BANCORP, INC. AND SUBSIDIARIES
Laurel, Maryland

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For Six Months Ended May 31,		For Three Months Ended May 31,	
	1992	1991	1992	1991
Interest Income				
Interest on loans	$4,404,758	$4,277,707	$2,202,441	$2,210,244
Interest on mortgage backed securities	432,252	496,855	206,199	266,087
Interest and dividends on investment securities	109,578	112,091	46,774	54,106
Other interest income	129,701	273,498	66,397	106,729
Total interest income	5,076,289	5,160,151	2,521,811	2,637,166
Interest Expense				
Interest on deposits	2,539,898	3,214,867	1,215,857	1,648,531
Other interest expense	101,088	134,968	48,084	71,733
Total interest expense	2,640,986	3,349,835	1,263,941	1,720,264
Net interest income	2,435,303	1,810,316	1,257,870	916,902
Provision for loan losses	99,435	20,000	52,500	10,000
Net interest income after provision for loan losses	2,335,868	1,790,316	1,205,370	906,902
Other Income				
Gain on sale of investment	-	6,334	-	6,334
Provision for loss on sale of real estate	(9,641)	-	(3,641)	-
Loan servicing fee income	32,414	75,342	12,346	36,353
Other income	72,687	67,515	36,161	33,894
Net other income	95,460	149,191	44,866	76,581
General and Administrative Expenses				
Salaries and related expenses	692,192	649,121	363,484	340,871
Occupancy	48,717	44,889	21,841	21,649
Data processing expense	102,189	73,014	55,715	36,751
Deposit insurance premiums	106,916	96,265	53,203	49,016
Advertising	7,849	17,932	3,242	7,396
Other expenses	381,572	303,826	193,634	165,657
Total general and administrative expenses	1,339,435	1,185,047	691,119	621,340
Income before tax provision	1,091,893	754,460	559,117	362,143
Provision for income taxes	432,431	271,176	220,196	132,939
Net income	$ 659,462	$ 483,284	$ 338,921	$ 229,204
Earnings per share	$.84	$.59	$.43	$.28

The accompanying notes to consolidated financial statements are an integral part of this statement.

LAUREL BANCORP, INC. AND SUBSIDIARIES
Laurel, Maryland

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For Six Months Ended May 31, 1992	For Six Months Ended May 31, 1991
Operating Activities		
Net income	$ 659,462	$ 483,284
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Accretion of discounts	(8,525)	(34,231)
Amortization of premiums	11,968	10,736
Gain on sale of investments	-	(6,334)
Loan fees deferred	267,249	208,040
Amortization of deferred loan fees	(197,381)	(149,834)
Provision for loan losses	99,435	20,000
Provision for depreciation	34,587	43,347
Provision for losses on real estate	9,641	-
(Increase) decrease in accrued interest receivable	972	(113,543)
Increase in prepaid and refundable taxes	(5,620)	(21,631)
Increase in deferred income taxes	(8,049)	-
Increase in other assets	(484,619)	(9,617)
Decrease in accrued interest payable	(30,316)	(9,728)
Increase (decrease) in income taxes payable	(90,227)	(55,714)
Increase (decrease) in other liabilities	221,164	(1,554)
Net cash provided by operating activities	479,741	363,221
Cash Flows from Investing Activities		
Proceeds from maturing interest bearing deposits in other banks	-	300,000
Purchases of interest bearing deposits in other banks	(3,914)	(3,571)
Proceeds from the sale of investment securities	-	350,000
Proceeds from maturing investment securities	500,000	509.325
Purchases of investment securities	-	(499,687)
Principal collected on mortgage backed securities	1,368,869	833,713
Purchase of mortgage backed securities	-	(2,391,991)
Longer-term loans originated	(12,594,008)	(8,579,207)
Purchases of longer-term loans	(916,862)	(6,110,526)
Principal collected on longer-term loans	13,549,837	4,179,337
Net decrease in short-term loans	67,424	113,238
Purchase of premises and equipment	(19,871)	(15,966)
Proceeds from sale of investment in real estate	91,450	26,367
Funds advanced on investment in real estate	-	(22,695)
Decrease in cost of loan servicing rights acquired	76,750	54,360
Net cash provided (used) by investing activities	2,119,675	(11,257,303)

LAUREL BANCORP, INC. AND SUBSIDIARIES
Laurel, Maryland

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For Six Months Ended May 31, 1992	For Six Months Ended May 31, 1991
Cash Flows from Financing Activities		
Net increase in demand deposits, money market, passbook accounts and advances by borrowers for taxes and insurance	$ 5,058,469	$ 2,134,853
Net increase (decrease) in certificates of deposit	(5,490,474)	8,321,799
Net decrease in borrowings	(3,500,000)	-
Proceeds from sale of capital stock	7,000	-
Acquisition of capital stock	(203,000)	(5,738)
Dividends paid	(159,040)	(254,700)
Net cash provided (used) by financing activities	(4,287,045)	10,196,214
Decrease in cash and cash equivalents	(1,687,629)	(697,868)
Cash and cash equivalents at beginning of year	7,046,647	6,124,710
Cash and cash equivalents at end of period	$ 5,359,018	$ 5,426,842

The following is a summary of cash and cash equivalents:

	May 31, 1992	May 31, 1991
Cash	$ 2,342,293	$ 1,226,950
Interest bearing deposits in other banks	2,612,018	3,787,012
Federal funds sold	500,000	500,000
Balance of cash items reflected on Statement of Financial Condition	5,454,311	5,513,962
Less - certificate of deposit with a maturity of more than three months	95,293	87,120
Cash and cash equivalents reflected on the Statement of Cash Flows	$ 5,359,018	$ 5,426,842

	For Three Month Period Ended May 31, 1992	For Three Month Period Ended May 31, 1991
Supplemental Disclosures of Cash Flows Information:		
Cash paid during the year for:		
Interest	$ 2,671,302	$ 3,359,563
Income taxes	$ 536,452	$ 348,522
Principal payment on borrowings to purchase stock by Employee Stock Ownership Plan	$ 34,784	$ 46,959
Transfer from loans to foreclosed real estate	$ 262,572	$ -

The accompanying notes to consolidated financial statements are an integral part of this statement.

NOTES TO (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These financial statements include the accounts of Laurel Bancorp, Inc. and its wholly owned subsidiaries, Laurel Federal Savings Bank and Laurel Service Corporation. All significant intercompany balances and transactions have been eliminated for the purposes of the consolidated financial statements. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations for the interim periods presented have been made. Such adjustments were of a normal recurring nature. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the entire fiscal year.

Note 2 - Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation.

Note 3 - Reacquisition of Shares

During the six month period ended May 31, 1992, the Company reacquired 29,000 shares of its stock and accounted for them by use of the "retirement method" in accordance with Maryland law.

Note 4 - Cash Flow Presentation

For purposes of the statements of cash flows, cash and cash equivalents include cash and amounts due from depository institutions, investments in federal funds, and certificates of deposit with maturities of 90 days or less.

Note 5 - Net Income Per Share of Common Stock

Net income per share of common stock for the six and three month periods ended May 31, 1992 is computed by dividing net income of $659,462 and $338,921, respectively by 788,175 and 781,069, the respective weighted average number of shares issued and outstanding for each of the periods.

Net income per share of common stock for the six and three month periods ended May 31, 1991 is computed by dividing net income of $483,284 and $229,204, respectively, by 820,923 and 820,800, the respective weighted average number of shares of common stock issued and outstanding for each of the periods.

Note 6 - Recent Accounting Pronouncements

FASB Statement on Accounting for Income Taxes - In February 1992, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" which supersedes SFAS No. 96. The Statement adopts an asset and liability approach to accounting and reporting for income taxes. Deferred tax liabilities and assets will be measured using a tax rate convention and assess whether a valuation allowance should be established for deferred tax assets. Enacted laws and rates are considered in determining the applicable tax rate and in assessing the need for a valuation allowance. In addition, the Statement identifies as a temporary difference bad debt reserves for tax purposes of savings and loans that arise in tax years beginning after December 31, 1987. The effective date of this Statement for the Company is for fiscal years beginning after December 15, 1992. The Company has not completed the analysis required to determine whether it will restate any prior years' financial statements upon adoption. However, based on existing conditions, and a preliminary review, management believes that the impact of SFAS No. 109 will not have a material adverse effect on the financial position of the Company.

FASB Statement on Postretirement Benefits - In December 1989, FASB issued Statement of Financial Accounting Standards No. 106. The Statement requires the accrual of the expected costs of benefits other than pensions to be paid to employees after retirement over the years the employees earn the benefits rather than the present practice of charging expense when the benefits are paid. This Statement is effective for fiscal years beginning after December 15, 1992. Management of the Company does not believe that effects of implementation of the Statement would be material to the consolidated financial statements if adopted as of May 31, 1992.

FASB Statement on Disclosures About Fair Value of Financial Instruments - In December 1991, FASB issued Statement of Financial Accounting Standards No. 107. The Statement requires the disclosure of the fair value of financial instruments in the footnotes to the financial statements. The Statement is effective for fiscal years ending after December 15, 1992, except for entities with less than $150 million in total assets in the current Statement of Financial Position. For those entities, the effective date is for fiscal years ending after December 15, 1995.

LAUREL BANCORP, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2.

Financial Condition

Total assets of Laurel Bancorp, Inc. ("the Company") were $111.0 million as of May 31, 1992, compared to $114.6 million as of November 30, 1991, a decrease of $3.6 million or 3.14%. The majority of this decrease in assets occurred in interest bearing deposits in other banks. Interest bearing deposits in other banks decreased $3.0 million to $2.6 million at May 31, 1992, compared to $5.6 million at November 30, 1991, as the Bank used these deposits to pay down on its borrowings.

Federal Home Loan Bank advances decreased $3.5 million to $1.8 million at May 31, 1992, compared to $5.3 million at November 30, 1991. Stockholders' equity increased by $300,000 at May 31, 1992. The current period's earnings of approximately $700,000 were off-set by stock repurchased and retired and dividends paid.

Results of Operations

General

Net income for the six and three months ended May 31, 1992 was $659,000 and $339,000, compared to $483,000 and $229,000 for the same periods in 1991, an increase of $176,000 or 36.44% and $110,000 or 48.03%, respectively. The primary reason was an increase in net interest income of $625,000 or 34.52% and $341,000 or 37.19% for the six and three months ended May 31, 1992, off-set by a decrease in net other income of $54,000 or 36.24% and $32,000 or 41.56%, an increase in the provision for loan losses of $79,000 or 397.18% and $43,000 or 425.00%, an increase in general and administrative expenses of $154,000 or 13.03% and $70,000 or 11.23% and an increase in provision for income taxes of $161,000 or 59.47% and $87,000 or 65.64% for the six and three month periods, respectively, all of which are explained more fully below.

Net Interest Income

Net interest income for the six and three months ended May 31, 1992 was $2.4 million and $1.3 million compared to $1.8 million and $900,000 for the same periods in 1991, an increase of $600,000 or 33.33% and $400,000 or 44.44%. The increase was the result of interest rates on interest bearing liabilities decreasing faster than rates on interest earning assets.

Interest Income

Total interest income for the six and three months ended May 31, 1992 decreased insignificantly as compared to the same periods in 1991.

Interest Expense

Total interest expense for the six and three months ended May 31, 1992, was $2,641,000 and $1,264,000 compared to $3,350,000 and $1,720,000 for the same periods in 1991, a decrease of $709,000 or 21.16% and $456,000 or 26.51%, respectively. This was primarily the result of a decrease of 23.62% and 26.25% in the weighted average rates paid for the six and three month periods, respectively, causing a decrease in expense of $820,000 and $448,000. This was off-set for the six months ended May 31, 1992 by an increase in the average interest bearing liabilities of $3,000,000 or 3.24% from the same period in 1991, causing an increase in interest expense of $111,000. The change in the average interest bearing liabilities for the three month period was insignificant. The Company's weighted average rates paid on interest bearing liabilities were 5.53% and 5.31% for the six and three months ended May 31, 1992, respectively, as compared to 7.24% and 7.20% for the same periods in 1991.

Provision for Loan Losses

The provision for loan losses for the six and three months ended May 31, 1992 was $99,000 and $53,000 compared to $20,000 and $10,000 for the same periods in 1991. Management continually monitors and adjusts its loan loss reserves based upon its analysis of the loan portfolio. Reserves are increased by a charge to income, the amount of which depends upon an analysis of the portfolio and management's estimate of the changing risks inherent in its loan portfolio and the relative softness in the real estate market and the economy, generally. Management believed that the provisions made in 1991 were sufficient in relation to the entire loan portfolio, and the amounts added in 1992 relate to new loans made rather than a deterioration in the existing portfolio.

Net Other Income

Net other income for the six and three months ended May 31, 1992 was $95,000 and $45,000 compared to $149,000 and $77,000 for the same periods in 1991, a decrease of $54,000 or 36.24% and $32,000 or 41.56%, respectively. The decreases were primarily the result of decreases in FHLMC servicing fee income of $43,000 and $24,000, respectively, caused by early loan payoffs in the portfolio of serviced loans.

General and Administrative Expenses

Total general and administrative expenses increased to $1,339,000 and $691,000 for the six and three months ended May 31, 1992, as compared to $1,185,000 and $621,000 for the same periods in 1991, an increase of $154,000 or 13.00% and $70,000 or 11.27%, respectively. The increases were mainly the result of increases in: salaries and related expenses of $43,000 or 6.64% and $23,000 or 6.64%, respectively, caused by administrative costs of terminating the Company's defined benefit plan combined with the accrual for the new defined contribution pension plan; data processing expense of $29,000 or 39.95% and $19,000 or 51.60%, respectively, which was the result of payments for the conversion to a new carrier; and other expenses of $78,000 or 25.59% and $28,000 or 16.89%, respectively, the majority of which occurred in repairs and maintenance, insurance, entertainment and legal and professional fees.

Accounting for Postretirement Benefits Other Than Pensions

In December 1989, the FASB issued Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". The effective date of implementing SFAS No. 106 is for fiscal years beginning after December 15, 1992. This Statement will change the method of recording benefits other than pensions to be paid to employees after retirement. Management of the Company does not believe that the effects of implementation of this Statement would be material to the consolidated statements.

Provision for Income Taxes

Provision for income taxes for the six and three months ended May 31, 1992 increased $161,000 or 59.41% and $87,000 or 65.41% to $432,000 and $220,000 from $271,000 and $133,000 for the same periods in 1991. The increase was primarily the result of increased income before tax of $337,000 and $197,000 for the six and three months ended May 31, 1992 over such amounts for the same periods in 1991.

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Accounting for Income Taxes

In February, 1992 the FASB issued Statement No. 109, "Accounting for Income Taxes". The effective date of implementing SFAS No. 109 is for fiscal years beginning after December 15, 1992. This Statement will change the method by which the Company computes deferred income taxes. The Company has not completed the analysis required to estimate the impact of adopting SFAS No. 109, and the Company has not determined whether it will restate any prior years' financial statements upon adoption. However, based on existing conditions, and a preliminary review, management believes that the impact of SFAS No. 109 will not have a material adverse effect on the financial position of the Company.

Liquidity and Capital Resources

As a member of the FHLB System, the Company's principal subsidiary, Laurel Federal Savings Bank ("the Bank"), is required by regulation to maintain a daily average balance of cash and eligible liquid investments in an amount equal to a monthly average of 5% of net withdrawable savings and borrowings due within one year. This liquidity requirement may be changed from time to time by the Office of Thrift Supervision (the "OTS") to any amount within the range of 4% to 10%. The Bank's liquidity ratio was 7.58% at May 31, 1992 and 8.66% at November 30, 1991.

The Bank's sources of liquidity have included principal and interest payments on loans and securities, sales and maturities of investment securities, deposit inflows, collateralized borrowings from the FHLB-Atlanta and operations. Further, because the Bank is significantly engaged in construction lending, its need for liquid funds is cyclical and dependent upon various factors including general levels of interest rates, the season of the year and the demand for new housing.

Liquidity management in a financial institution is impeded because loans and other investments are generally made for long-term purposes and are funded by deposits that are withdrawable on demand and by short- or intermediate-term borrowings. The Bank has not experienced any significant deposit outflows in recent years, but deposit outflows could occur or growth may be restricted by such factors as excessive interest rates paid by competitors, adverse publicity about the industry and similar matters. The Bank has the ability to reduce its commitments for new loan originations and other investments, or to borrow significant additional amounts from the FHLB-Atlanta, or others, should a need arise. The Company's cash flows remained strong as the Company used proceeds from loan repayments and interest-bearing deposits to pay down $3.5 million of borrowed money during the six month period ended May 31, 1992, even though deposits decreased by $1.0 million due to an outflow of certificates of deposit.

The Company repurchased 29,000 shares of its outstanding common stock during the six months ended May 31, 1992. The repurchases were made at prices below the book value of the common stock. In the view of the Company's management, the repurchase of shares at such prices benefited the remaining stockholders of the Company due to the resulting increase in book value of the remaining shares.

Liquidity and Capital Resources - Continued

Management monitors projected liquidity needs and determines the level desirable based in part on Laurel's commitments to make loans and management's assessments of Laurel's ability to generate funds. Laurel's loan commitments at May 31, 1992 were $2.6 million. These commitments are expected to be funded from repayments of existing loans.

In August 1989, the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA") was enacted into law, and on December 7, 1989, a final rule was issued by the OTS regarding regulatory capital requirements. Under the final rule, institutions are required to maintain minimal capital requirements by satisfying three capital standards: a tangible capital requirement, a leverage ratio requirement and a risk based capital requirement. Under the tangible capital requirement, the Bank's tangible capital must be equal to 1.5% of adjusted total assets. Core capital is the Bank's stockholders' equity reduced by 10%, the applicable percentage of the investment of both equity and debt in subsidiaries that are engaged in activities not permissible for a national bank. One of the Bank's subsidiaries is engaged in land development activities that are not permissible for a national bank. Under the leverage ratio requirement, the Bank's core capital must be equal to 3.0% of adjusted total assets. Effective January 1, 1993, under the risk based capital requirement, the Bank must maintain core and supplemental capital (core capital plus any general loss reserves) equal to 8% of risk weighted assets (total assets plus off-balance-sheet items multiplied by the appropriate risk weight). During a transition period from December 31, 1990 to December 31, 1992, the Bank must maintain 90% of the requirement for risk based capital.

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LAUREL BANCORP, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

The following table presents the Bank's capital position based on the May 31, 1992 financial statements, under the current capital requirements and the fully phased-in current rules.

	Current Requirements		Projected Requirements Based on Fully Phased-in Rules	
	Amount	% of Appropriate Assets	Amount	% of Appropriate Assets
Tangible Capital Requirement				
Tangible capital	$13,986,832	12.7%	$13,347,357	12.1%
Tangible capital requirement	1,658,191	1.5	1,649,461	1.5
Excess	$12,328,641	11.2%	$11,697,896	10.6%
Leverage Ratio Requirement				
Core capital	$13,986,832	12.7%	$13,347,357	12.1%
Core capital requirement	3,316,382	3.0	3,298,923	3.0
Excess	$10,670,450	9.7%	$10,048,434	9.1%
Risk Based Capital Requirement				
Core and supplemental capital	$14,661,688	22.4%	$14,022,213	21.6%
Risk based capital requirement	4,706,515	7.2	5,182,902	8.0
Excess	$ 9,955,173	15.2%	$ 8,839,311	13.6%

	Current Requirements	Projected Requirements Based on Fully Phased-in Rules
	Amount	Amount
Total Stockholders' Equity	$ 14,820,751	$ 14,820,751
Less: Non-allowable items		
Non-qualifying purchased mortgage servicing rights	(78,417)	(78,417)
Investment in and advances to "Non-includable" subsidiary	(380,744)	(1,020,219)
Equity of parent company	(374,758)	(374,758)
Tangible and core capital	13,986,832	13,347,357
General valuation allowance	674,856	674,856
Risk based capital	$ 14,661,688	$ 14,022,213
Total Assets	$111,032,560	$111,032,560
Less: Non-allowable items		
Non-qualifying purchased mortgage servicing rights	(78,417)	(78,417)
Assets of "Non-includable" subsidiary	(346,555)	(928,543)
Assets of parent company	(61,512)	(61,512)
Tangible and adjusted tangible assets	$110,546,076	$109,964,088
Risk weighted assets	$ 65,368,262	$ 64,786,274

PART 2. OTHER INFORMATION

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Laurel Bancorp, Inc.
(Registrant)

Date: July 15, 1992

By:
Robert J. Wiltbank,
Senior Vice President
(principal financial officer)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1992

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ______________ TO ______________

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REGIONAL BANCORP, INC.
(Exact name of registrant as specified in

DELAWARE	**04-2951827**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification number)

29 HIGH STREET, MEDFORD, MASSACHUSETTS, 02155
(Address of principal executive offices)

(617) 395-7700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ______

At April 30, 1992 there were 2,221,052 shares of common stock, par value $0.10 per share, issued and outstanding.

REGIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	March 31, 1992	December 31, 1991	March 31, 1991
		(In Thousands)	
ASSETS			
Cash and due from banks	$ 13,679	$ 8,952	$ 7,287
Federal funds sold	37,529	6,937	7,316
Cash and cash equivalents	51,208	15,889	14,603
Interest-bearing deposits in banks	-	-	3,000
Investment securities	234,779	85,260	38,195
Mortgage-backed investments	34,892	36,157	34,689
Loans, net	531,600	382,264	408,897
Other real estate owned	4,937	5,087	4,027
Banking premises and equipment, net	4,805	4,845	5,044
Real estate held for investment	3,610	3,547	3,505
Accrued interest receivable	7,297	4,308	4,336
Due from FDIC	41,602	-	-
Goodwill	15,760	574	617
Other assets	5,991	4,267	4,540
	$936,481	$542,198	$521,453
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	$819,207	$426,146	$393,880
Short-term borrowings	18,000	17,000	23,200
Long-term debt	28,544	31,506	35,477
Accrued taxes and expenses	1,633	1,695	1,201
Other liabilities	3,869	2,409	2,806
Total liabilities	871,253	478,756	456,564
Stockholders' equity:			
Common stock, $0.10 par value, 15,000,000 shares authorized, 3,742,076 shares issued	374	374	374
Additional paid-in capital	52,627	52,613	52,613
Retained earnings	35,524	34,109	33,828
	88,525	87,096	86,815
Treasury stock at cost, 1,520,874 shares at March 31, 1992; 1,522,147 shares at December 31, 1991 and 1,396,219 shares at March 31, 1991	(21,946)	(21,933)	(20,106)
Net unrealized loss on marketable equity securities	(357)	(415)	(443)
Unearned compensation-ESOP	(994)	(1,306)	(1,377)
Total stockholders' equity	65,228	63,442	64,889
	$936,481	$542,198	$521,453

REGIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Three months ended March 31,	
	1992	1991
	(Dollars In Thousands, Except Per Share Amounts)	
Interest and dividend income:		
Interest and fees on loans	$ 9,731	$10,416
Interest on investment bonds and obligations	1,576	606
Dividend income	109	108
Interest on mortgage-backed investments	618	617
Interest on federal funds sold and interest-bearing deposits	132	202
Total interest and dividend income	12,166	11,949
Interest expense:		
Interest on deposits	5,842	6,275
Interest on short term borrowings	244	472
Interest on long term debt	663	788
Total interest expense	6,749	7,535
Net interest income	5,417	4,414
Provision for loan losses	1,748	465
Net interest income, after provision for loan losses	3,669	3,949
Other income:		
Loan servicing and other loan fees	44	23
Customer service fees	265	220
Loss on sales of securities, net	116	-
Gain (loss) on sales of mortgages, net	35	31
Miscellaneous	158	91
Total other income	618	365
Operating expenses:		
Salaries and employee benefits	1,819	1,323
Deposit insurance	240	184
Occupancy expenses	167	176
Equipment expenses	142	145
Data processing expenses	155	180
Professional fees	362	119
Net expenses of other real estate owned	254	32
Other general and administrative expenses	422	427
Total operating expenses	3,561	2,586

(continued)

REGIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
(concluded)

	Three months ended March 31, 1992	1991
	(Dollars In Thousands, Except Per Share Amounts)	
Income (loss) before income taxes	726	1,728
Provision for income taxes	356	918
Income before cumulative effect of change in accounting principle	370	810
Cumulative effect of change of accounting principle	1,379	-
Net income	$ 1,749	$ 810
Earnings per share:		
Primary:		
Income before cumulative effect of change in accounting principle	$0.16	$0.34
Cumulative effect of change in accounting principle	0.60	-
Net income	$0.76	$0.34
Fully diluted:		
Income before cumulative effect of change in accounting principle	$0.16	$0.34
Cumulative effect of change in accounting principle	0.59	-
Net income	$0.75	$0.34
Dividends per share	$0.15	$0.15
Weighted average shares outstanding:		
Primary	2,304,923	2,389,011
Fully diluted	2,334,583	-

See accompanying notes to consolidated financial statements.

REGIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 1992	1991
	(unaudited) (in thousands)	
Cash flows from operating activities:		
Net income (loss)	$ 1,749	$ 810
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,748	465
Amortization (accretion) of investments, net	235	(39)
Amortization (accretion) of mortgage-backed securities	117	(33)
Amortization of deferred loan fees	13	(12)
Depreciation and amortization	138	181
Realized loss (gain) on sale of OREO	2	(135)
Write-down of other real estate owned	150	70
Realized gain on sales of securities	(116)	-
Loans originated for sale	(3,976)	(1,457)
Loans sold	3,976	1,457
Realized gain on sales of mortgages	(35)	(31)
Increase in accrued interest receivable	(1,186)	(513)
Decrease (increase) in other assets	(322)	1,214
Deferred tax benefit	(1,379)	(56)
Increase (decrease) in accrued taxes and expenses	(62)	66
Increase in other liabilities	347	634
Net cash provided by operations	1,399	2,621
Cash flows from investing activities:		
Proceeds received in connection with acquisition of failed institution	120,645	-
Proceeds from sales of investment securities	6,599	-
Proceeds from maturities of investments	2,086	11,988
Purchases of investment securities	(112,206)	(13,120)
Purchases of mortgage-backed securities	-	(19,247)
Principal payments received on mortgage-backed investments	2,103	1,039
Proceeds from sales of mortgage-backed investments	5,014	-
Net decrease(increase) in loans	2,559	(624)
Purchase of bank premises and equipment	(57)	(63)
Proceeds from sales of real estate in foreclosure	463	2,807
Construction costs on real estate held for investment	(88)	-)
Net cash provided by investing activities	27,118	(17,220)

(continued)

REGIONAL BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 1992	1991
	(unaudited) (in thousands)	
Cash flows from financing activities:		
Net increase in deposits	9,784	17,343
Repayment of long-term debt	(2,650)	-
Re-issuance of treasury stock under stock option plan	42	-
Payments to acquire treasury stock	(41)	(666)
Cash dividends paid	(333)	(361)
Net cash provided by financing activities	6,802	16,316
Net increase in cash and cash equivalents	35,319	1,717
Cash and cash equivalents, beginning of period	15,889	12,886
Cash and cash equivalents, end of period	$ 51,208	$ 14,603
Supplementary information:		
Interest paid on deposit accounts	$5,849	$6,261
Interest paid on borrowed funds	935	1,284
Income taxes paid	225	-
Transfer from loans to other real estate	465	160

See accompanying notes to consolidated financial statements.

REGIONAL BANCORP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 1992 AND 1991

Note 1. Summary of significant accounting policies

Certain amounts have been reclassified on the March 31, 1991 financial statements to conform to the 1992 presentation.

The unaudited consolidated interim financial statements of Regional Bancorp, Inc. (the "Registrant") and subsidiary presented herein are intended to be read in conjunction with the consolidated financial statements of the Registrant presented in its annual report for the year ended December 31, 1991.

The consolidated financial information as of March 31, 1992 and the results of operations and cash flows for the three months ended March 31, 1992 and 1991 are unaudited; however, in the opinion of management, the consolidated financial information reflects all adjustments (consisting solely of normal recurring accruals) necessary for a fair presentation in accordance with generally accepted accounting principles. Interim results are not necessarily indicative of results to be expected for the entire year.

Note 2. Acquisition of certain assets and assumption of deposit liabilities of The Bank for Savings, Malden, MA

On March 20, 1992, the Massachusetts Commissioner of Banks declared The Bank For Savings, Malden MA to be insolvent, and appointed the Federal Deposit Insurance Corporation (the "FDIC") as receiver. Medford Savings Bank (the "Bank"), the Registrant's wholly-owned subsidiary, agreed to assume the deposits and purchase certain assets of The Bank For Savings, (the "BFS acquisition"), for which the Bank paid to the FDIC of $13.3 million in connection with the transaction. The BFS acquisition will be accounted for using the purchasemethod of accounting. Accordingly, goodwill of $15.2 million has been recordedat March 31, 1992, after allocating $1.9 million to the allowance for loan losses. Because final settlement of the transaction is not expected to occur until December 13, 1992, the final purchase accounting adjustments have yet to be determined. the final settlement of the transaction is expected on December 13, 1992.

An unaudited statement of assets purchased and liabilities assumed of The Bank for Savings at the date of acquisition is as follows:

ASSETS

(in thousands)

Cash on hand and due from banks	$ 3,290
Investment bonds and obligations	52,029
Federal funds sold	12,254
Loans, net	154,085
Accrued interest receivable	1,803
Other assets	26
	223,487
Premium paid to FDIC	13,300
Cash due from FDIC	148,603
	$385,390

LIABILITIES

Deposits	$382,207
Short-term borrowings	1,000
Accrued interest payable	1,070
Other liabilities	1,113
	$385,390

These amounts have been consolidated in the Registrant's Consolidated Balance Sheets as of March 31, 1992 included in this Report. In addition, certain interest income and expense amounts for the period from the date of the BFS acquisition through March 31, 1992 have been consolidated in the Registrant's Consolidated Statements of Income and Consolidated Statements of Cash Flows for the quarter ended March 31, 1992.

Note 3. Earnings per share

Weighted average shares outstanding applicable to primary earnings per share include common shares outstanding and common stock equivalents attributable to outstanding stock options. Fully diluted weighted average shares outstanding reflect the higher market price of the Registrant's common stock at the end of the period and the assumed further dilutionapplicable to outstanding stock options. For both primary and fully diluted earnings per share calculations, dilutive stock options are assumed to have been issued at the beginning of the period or at the grant date, if later.

Note 4. Commitments

Loan commitments

At March 31, 1992, the Registrant had outstanding commitments to originate mortgage loans of approximately $2.5 million which are not reflected on the consolidated balance sheet. Unadvanced construction and commercial loan funds not included in the above amount totaled $2.2 million at March 31, 1992.

Letter of credit

The Registrant has outstanding a letter of credit issued in conjunction with the funds borrowed to purchase shares for the Employee Stock Ownership Plan (ESOP). The loan will be repaid with future contributions to the ESOP and earnings from fund assets. The commitment under the letter of credit totaled $1,500,000 at March 31, 1992.

Mortgage-backed Investments

The Registrant has outstanding commitments to purchase mortgage-backed securities of $45.0 million at March 31, 1992.

Note 5. Change in accounting principle

The Registrant has adopted Statement of Financial Accounting Standards No. 109, " Accounting for Income Taxes". This statement changes the calculation of deferred income taxes from the deferred method to the liability method. Accordingly, the cumulative effect of adoption of this statement is reflected on the income statement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

FINANCIAL CONDITION AT MARCH 31, 1992

INVESTMENT PORTFOLIO

The investment portfolio at book value is as follows:

	March 31, 1992	December 31, 1991	March 31, 1991
		(In Thousands)	
U.S. Government and federal agency obligations	$148,484	$14,482	$10,750
Banking & finance obligations	42,008	40,096	6,356
Other bonds and obligations	37,087	25,534	16,498
Total bonds and obligations	227,579	80,112	33,604
Federal Home Loan Bank stock	3,595	3,595	3,595
Marketable equity securities	3,391	1,397	1,398
Other equity securities	571	571	160
Less: valuation allowance for marketable equity securities	(357)	(415)	(562)
Total marketable and other equity securities	7,200	5,148	4,591
Total investment securities	$234,779	$85,260	$38,195

The market value of the portfolio at March 31, 1992, December 31, 1991 and March 31, 1991 was $235,399,000, $86,489,000 and $38,127,000, respectively.

Historically, the Registrant han viewed its investment portfolio primarily as a source of liquidity to fund loans and meet short-term cash needs. As a result of the Registrant's decrease in loan origination activity, the Registrant purchased mortgage-backed securities in order to maintain income and cash flow stream consistent with that of a loan portfolio. In accordance with the Registrant's asset-liability management strategies, these securities either have a maturity of five years or less, or have adjustable interest rates.

The Bank has invested cash received in the BFS acquisition investment portfolio, primarily in U. S. Government securities with maturuties of three years or less. These investments enable the Bank to continue to meet the requirement's of a qualified savings bank, maintaining at least sixty percent of its assets as defined in section 7701(a)(19) of the Internal Revenue Code. The Bank has committed to purchase approximately $45 million in guaranteed mortgage-backed investments as of March 31, 1992. These assets also qualify under section 7701(a)(19).

Investments received in the BFS acquisition were predominantly corporate bonds and U. S. Government securities with maturuties of five years or less.

LOANS

A summary of outstanding loan balances follows:

	March 31, 1992	December 31, 1991	March 31, 1991
		(In Thousands)	
Mortgage loans on real estate:			
Residential 1-4 family	$338,205	$213,818	$233,168
Commercial	139,369	143,603	142,611
Construction	2,808	2,510	10,044
FHA and VA	6,802	2,910	3,323
Second mortgages	6,443	5,129	7,068
Equity lines of Credit	21,633	5,973	5,661
	515,260	373,934	401,875
Less: Unadvanced loan funds	637	839	2,217
Net deferred fees	312	409	443
	514,311	372,686	399,215
Other loans:			
Commercial loans	8,292	8,492	7,022
Personal loans	16,022	4,808	5,196
	24,314	13,300	12,218
Total loans	538,625	385,986	411,433
Less allowance for loan losses	7,025	3,722	2,536
Loans, net	$531,600	$382,264	$408,897
Mortgage-backed Securities	$ 34,892	$ 36,157	$ 34,689

In the BFS acquisition, the Bank received $154.1 million in loans, predominantly loans secured by residential 1-4 family owner-occupied homes and consumer loans. The Bank specifically excluded from the group of purchased loans those loans secured by condominiums. The Bank chose not to exercise its exclusive 30-day option to purchase any additional loans because of the additional risk associated with loans not originally purchased by the Bank (primarily condominium loans, commercial loans, commercial real estate loans, and loans over 60 days past due).

The decrease in the level of the commercial real estate loan portfolio is indicative of the continued downturn in the New England economy, and management's decision in late 1990 to reduce the origination of such loans. Management can not reasonably predict when the demand for commercial real estate will increase and these real estate values will stabilize. To reduce credit risk, any loans originated during this recessionary period conform to strict underwriting and cash flow standards.

NON-PERFORMING ASSETS

It is the Bank's general policy to place on non-accrual status all loans over 90 days past due. Interest accrual ceases, and all previously accrued but unpaid interest is reversed after a loan is placed on non-accrual status. At the option of management, a loan may be placed on non-accrual status prior to 90 days past due if the collection of future interest and principal is, in the opinion of management, unlikely.

The principal balance of non-accrual loans was $11.1 million, or 1.18% of total assets at March 31, 1992, $11.2 million, or 2.1.% of total assets at December 31, 1991, and $3.1 million, or 0.58% of total assets at March 31, 1991.

At March 31, 1992, the amount of real estate acquired through foreclosure was $4.9 million, or 0.52% of total assets, as compared to $5.1 million, or 0.94% of total assets at December 31, 1991 and $4.0 million, or 0.77% of total assets at March 31, 1991. Real estate acquired through foreclosure is recorded at the lower of the carrying amount of the loan or the estimated net realizable value of the related real estate.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is established through a provision for loan losses charged through the statement of operations. Assessing the adequacy of the allowance for loan losses involves substantial uncertainties and is based on management's evaluation of the amount required to absorb estimated losses inherent in the loan portfolio after weighing various factors. Among the factors that management considers are the quality of specific loans, risk characteristics of the loan portfolio generally, the level of non-performing loans, current economic conditions, trends in delinquency and charge-offs, and value of the underlying collateral. Ultimate loan losses may vary significantly from current estimates.

Quarterly reviews of the loan portfolio are performed to identify loans for which specific allocations are considered prudent. After specific allocations are made, a review is made to determine whether the remaining unallocated portion of the allowance is adequate to cover possible unidentified loan losses.

The allowance for possible loan losses was $7.0 million at March 31, 1992, or 63.1% of non-accrual loans at that date, as compared to $3.7 million, or 33.3% of non-accrual loans, at December 31, 1991. At March 31, 1991 the allowance for loan losses was $2.5 million, or 83.3% of non-accrual loans.

An analysis of the allowance for loan losses is presented in the following table:

	March 31, 1992	December 31, 1991 (in thousands)	March 31, 1991
Balance at the beginning of the period	3,722	2,162	2,162
Provisions	1,748	3,114	465
Recoveries	1	11	1
Less: Charge offs	346	1,565	92
Allowance acquired as part the BFS acquisition	1,900	-	-
Balance at the end of the period	7,025	3,722	2,536

While management considers the allowance for loan losses to be adequate at March 31, 1992, the New England economy is in a recession, and real estate values have declined significantly. If these trends continue, management may find it necessary to make additional charge-offs and to make significant additional provisions for loan losses during 1992. The amounts of provisions for loan losses during 1992 will depend primarily on market conditions and the Registrant's actual experience.

DEPOSITS

Total deposits At March 31, 1992 were $819.2 million, an increase of 92.2% and 107.5%, respectively, from total deposits at December 31, 1991 and March 31, 1991.

The following table indicates the balances in various deposit accounts at the end of each reported period.

(in Thousands)

	March 31, 1992	December 31, 1991	March 31, 1991
Demand accounts	$ 16,593	$ 9,201	$ 6,834
NOW accounts	52,289	29,869	25,201
Savings and money market accounts	378,757	203,096	174,957
Term certificates	369,568	183,980	186,888
	$819,207	$426,146	$393,880

The Bank acquired deposits totaling $384.3 million in the BFS acquisition. As provided in the purchase and assumption agreement, the Bank has adjusted the rates on certain deposits acquired in the BFS acquisition to its current rates. Management expects deposit outflow of approximately $40 million in the year following the BFS acquisition; however, since deposit flows are by nature unpredictable, it is impossible to estimate the accuracy of management's expectation.

During late 1991 and continuing during the first quarter of 1992, the Bank has experienced growth in its regular savings deposits while term certificates and some money-market deposits have decreased. This trend is primarily the result of customer preferences not to enter into longer term deposit agreements at current lower interest rates and the level of regular savings interest rates exceeding money-market rates.

While deposit flows are by nature unpredictable, management controls the Registrant's deposit growth through selective pricing and sales-oriented marketing programs. The Registrant does not solicit or accept brokered deposits. The decline in market interest rates has enabled the Registrant to decrease the interest rates offered to its customers without experiencing deposit outflow, thus decreasing the Registrant's cost of funds.

BORROWED FUNDS

The Registrant has selectively borrowed funds from the Federal Home Loan Bank of Boston (the "FHLB") to fund purchases of loans or large loan originations. A borrowing from a third-party lender also has funded the purchase of stock for the Registrant's Employees' Stock Ownership Plan. Total borrowed funds decreased to $46.5 million at March 31, 1992 from $58.7 million at March 31, 1991, as it is management's practice to reduce the level of borrowed funds to match the balance of the purchased loans which the borrowing funded, at the contractual maturity of the borrowing.

STOCKHOLDERS' EQUITY

The Registrant's capital to assets ratio was 7.0% at March 31, 1992 compared with 11.7% at December 31, 1991 and 12.4% at March 31, 1991. While Total Stockholders' equity increased by the net income for the quarter ended March 31, 1992, the overall capital to assets ratio decreased because of the significant increase in total assets resulting from the BFS acquisition. The 1992 and 1991 capital ratios exceed all regulatory requirements. Book value at March 31, 1992 was $29.37 per share, compared with $28.58 per share at December 31, 1991 and $27.66 per share at March 31, 1991. (See "RESULTS OF OPERATIONS - GENERAL" for a discussion of the Registrant's adoption of FASB statement No. 109)

The Registrant repurchased 2,727 shares in open market or private transactions, at an average cost of $14.83 per share during the three month period ended March 31, 1992.

RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED MARCH 31, 1992 AND 1991

GENERAL

Consolidated net income of the Registrant depends primarily upon the difference between interest and dividend income earned on its loan and investment portfolios and the interest expense paid on its deposits and borrowings. Net income is also affected by non-interest expense items, such as the provision for loan losses. Outside influences which may affect income and expenses include, but are not necessarily limited to, general and local economic conditions, competition, and policies established by various regulatory authorities.

The continued deterioration of the New England economy and real estate market during 1992 could result in an increase in non-accrual loans, charge-offs, the provision for loan losses, and real estate acquired through foreclosure. The occurrence of such events would adversely affect net income and operating results in 1992.

Net income increased to $1,749,000 for the three months ended March 31, 1992 from $810,000 for the three months ended March 31, 1991 . This increase was principally due to the Registrant's adoption of Statement of Financial Standards No. 109, "Accounting for Income Taxes" ("Statement 109"), which resulted in the cumulative effect of change in accounting principle of $1,379,000. Income before this change was $370,000 for the quarter ended March 30, 1992. The income relates to an adjustment of deferred taxes receivable based on the cumulative effect of timing differences at tax rates expected to be in effect when such items are realized or settled. The income so reported has the effect of increasing total stockholders' equity as reported herein in accordance with generally accepted accounting principles. Net interest income increased to $5,417,000 for the first quarter of 1992 from $4,414,000 for the first quarter of 1991, an increase of 22.7%, while operating expenses increased by $798,000 or 28.6% when comparing these periods. The provision for loan losses increased to $1,748,000 for the quarter ended March 31, 1992 from

$465,000 for the quarter ended March 31, 1991. Other income increased by $252,000 when comparing the first quarter of 1992 to that of 1991. The weighted average interest rate spread increased to 3.61% for the quarter ended March 31, 1992 from 3.05% for the quarter ended March 31, 1991 .

The BFS acquisition increased the size of the Registrant by 72.7% as of March 31, 1992 as compared to December 31, 1991. Net interest income is expected to increase significantly as a result of this acquisition; however, during the first six months after the acquisition, operating expenses are expected to be disproportionately high, as certain one-time expenses associated with the physical merging of the institutions, including consultants, temporary help and data processing costs are incurred.

INTEREST AND DIVIDEND INCOME

Interest and dividend income from loans and investments increased to $ 12,166,000 for the three months ended March 31, 1992 from $11,949,000 for the three months ended March 31, 1991, an increase of 1.8%. This increase is mainly attributable to the expansion of the investment portfolio during 1991 and early 1992, particularly mortgage-backed securities, which earned a higher average yield than other investments in the investment portfolio. Interest on loans has decreased to $9,732,000 for the three months ended March 31, 1992 from $10,416,000 for the three months ended March 31, 1991. This decrease is the result of both the decline in interest rates on adjustable-rate mortgages and the decreased volume in the loan portfolio before the BFS acquisition.

The weighted average yield on earning assets decreased to 8.86% for the three months ended March 31, 1992 from 9.98% for the three months ended March 31, 1991. This decrease is the result of general decline in market interest rates during 1991 and the change in the mix of securities and loans during 1991.

INTEREST EXPENSE

Total interest expense decreased to $6,749,000 for the three months ended March 31, 1991 from $7,535,000 for the comparable 1992 period as a result of lower interest rates paid to the Registrant's customers, concurrent with the decline in market interest rates. The weighted average rate paid on deposit accounts for the three months ended March 31, 1992 was 4.54%, compared to 6.68% for the three months ended March 31, 1991. This decrease in rates was partially offset by the increase in total deposits of $425.3 million when comparing March 31, 1992 to March 31, 1991.

Interest on borrowed funds declined by $353,000 because certain borrowings, principally FHLB advances, which matured during 1991 were repaid rather than renewed. FHLB advances renewed during 1991 and 1992 were typically priced at a lower interest rate than the advances they replaced.

The weighted average cost of funds was 5.25% for the three months ended March 31, 1992 compared to 6.93% for the three months ended March 31, 1991.

PROVISION FOR LOAN LOSSES

The provision for loan losses represents a charge against current earnings and an addition to the allowance for loan losses. The provision is determined by management on the basis of many factors including the quality of specific loans, risk characteristics of the loan portfolio generally, the level of non-performing loans, current economic conditions, trends in delinquency and charge-offs, and collateral values of the underlying security.

With the deterioration of the local economy and real estate market, the Registrant experienced increases in delinquencies, non-accrual loans, and foreclosures during 1991 and the first quarter of 1992. As a result of these events, management recorded a provision for loan losses during the three months ended March 31, 1992 of $1,748,000 compared to $465,000 for the three months ended March 31, 1991. An additional $1,900,000 was added to the allowance for loan losses as a result of the BFS acquisition. Net charge-offs for the three months ended March 31, 1992 totaled $346,000 compared to $91,000 for the three months ended March 31, 1991.

The local economy has been in a recession and accordingly, real estate values have declined substantially. If the local economy and real estate market continue to deteriorate, there is no assurance that the Registrant will not find it necessary to make substantial additional provisions for loan losses in 1992. See "Financial Condition-Allowance for loan losses."

OTHER INCOME

Other income increased to $617,000 for the three months ended March 31, 1992 from $365,000 for the comparable quarter in 1991. This increase is the result of increased customer service fees, increasing to $264,000 for the three months ended March 31, 1992 from $220,000 for the three months ended March 31, 1991 . The Registrant realized a net gain on sales of securities during the first quarter of 1992 of $116,000, whereas no sales of securities occurred during the first quarter of 1991. Miscellaneous income increased to $157,000 for the three months ended March 31, 1992 from $91,000 for the three months ended March 31, 1991 .

OPERATING EXPENSES

Operating expenses increased to $3,561,000 for the three months ended March 31, 1992 from $2,651,000 for the three months ended March 31, 1991 , an increase of 33.9%. This increase is primarily the result of increased salaries and employee benefits costs, including a special funding of the Bank's Employees' Stock Ownership Plan of $250,000, employee salary increases totaling $149,000, and increased pension and health benefit costs. Deposit insurance increased by $56,000 when comparing the three months ended March 31, 1992 and 1991, the result of increased premiums payable to the FDIC which went into effect in July, 1991. Professional fees increased from $119,000 for the three months ended March 31, 1991 to $362,000 for the three months ended March 31, 1992 as independent consultants were active in the review of the BFS acquisition Net expenses of other real estate owned increased to $254,000 from $32,000, as a property was sold during the first quarter of 1991 at a gain of $135,000 offset the expenses incurred during 1991, and write-downs of properties totaled $150,000 for the three months ended March 31, 1992 compared to $70,000 for the three months ended March 31, 1991.

It is likely that the Registrant will continue to experience a high level of expenses relating to problem loans and real estate acquired through foreclosure. Additionally, it is likely that certain one-time expenses related to the BFS acquisition will be incurred during at least the next six to nine months, further increasing the levels of operating expenses for 1992.

LIQUIDITY AND CAPITAL RESOURCES

The Registrant's principal sources of funds are customer deposits, amortization and payoff of existing loan principal, and sales or maturities of various investment securities. The Bank is a voluntary member of the FHLB and as such, may take advantage of the FHLB's borrowing program to enhance liquidity and leverage its favorable capital position. The Registrant also may draw on lines of credit at the FHLB and a large commercial bank or pledge U.S. Government securities to borrow from the Mutual Savings Central Fund of Massachusetts. These various sources of liquidity are used to fund withdrawals, new loans, and investments.

The BFS acquisition has provided significant liquidity to the Registrant. In addition to receiving investment securities of $52.0 million, the Bank received cash of $107.8 million on the date of the acquisition. Another cash payment of $41.1 million was received in April, 1992. This inflow of cash was invested primarily into U. S. Government securities.

For the quarter ended March 31, 1992, deposits increased $393.0 million, primarily as a result of the BFS acquisition, compared to an increase of $17.3 million for the quarter ended March 31, 1991. Management continually seeks to optimize deposit growth while controlling the Registrant's cost of funds. Sales-oriented programs to attract new depositors and the cross-selling of various products to its existing customer base are currently in place. Management reviews, on an ongoing basis, possible new products, with particular attention to products and services which will aid in retaining the Registrant's base of lower-costing deposits.

Maturities and sales of investment securities provide significant liquidity to the Registrant. The Registrant's policy of purchasing short-term debt securities reduces market risk in the bond portfolio while providing significant cash flow. For the first quarter of 1992, cash flow from maturities of securities was $2.1 million and proceeds from sales of securities and mortgage-backed investments totaling $11.6 million for the first quarter of 1992, compared to proceeds from securities maturities of $12.0 million for the first quarter of 1991. Principal payments on mortgage-backed investments during the three months ended March 31, 1992 and 1991 totaled $2.1 million and $1.0 million, respectively. During periods of high interest rates or active mortgage originations, maturities in the bond portfolio have provided significant liquidity at a lower cost than borrowings.

Amortization and pay-offs of the loan portfolio contribute significant liquidity to the Registrant. Traditionally, the amortization and payoffs have been reinvested into loans. Excess liquidity since the reduction in loan originations began in late 1990 has been invested in either one-year, non-convertible, adjustable-rate, mortgage-backed securities or fixed-rate and term mortgage-backed securities with a term of five years or less. These securities are guaranteed by either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. These guaranteed investments provide an improved yield over that of the debt securities in the investment portfolio and enhanced liquidity to the extent of their monthly interest payment, principal amortization, and potential salability. These mortgage-backed securities generally have terms similar to those offered on loans originated by the Registrant. There were no purchases of mortgage-backed securities during the three month period ended March 31, 1991.

The Registrant also uses borrowed funds as a source of liquidity. These borrowings generally fund large commercial real estate loans or purchases of residential adjustable-rate real estate mortgage loan packages. At March 31, 1992, the Registrant's outstanding borrowings from the FHLB were $45.6 million. The Registrant has also utilized repurchase agreements to fund loan purchases in the past, and may do so again if management deems market conditions to be conducive to such activities.

The Registrant may also draw on lines of credit at the FHLB, or at a large commercial bank, or may pledge U.S. Government securities to borrow from the Mutual Savings Central Fund of Massachusetts. The Registrant has also used repurchase agreements as a short-term source of funds.

Commitments to originate mortgages at March 31, 1992, excluding unadvanced construction funds of $420,000 were $2.5 million. The Bank is committed to purchase mortgage-backed investments totaling $45.0 million. These securities have definitive lives of five years, and weighted average lives of two and one half years. The $45 million commitment to purchase mortgage-backed investments was funded in April, 1992 by the maturity of a $45.0 million U. S. Treasury Bill purchased with the proceeds from the BFS acquisition. The Registrant believes that adequate liquidity is available to fund loan commitments utilizing deposits, loan amortization, maturities of securities, or borrowings.

Purchases of securities during the first quarter of 1992, including amounts purchased in the BFS acquisition totaled $164.2 million. These purchases generally consisted of short-term debt instruments and mortgage-backed securities. These investments enable the Registrant to maintain a certain level of liquidity with a minimum interest rate and market risk.

Mortgage loan originations for the quarter ending March 31, 1992 totaled $23.3 million, compared with $9.1 million for the quarter ending March 31, 1991. There were no loans purchased during the quarter ended March 31, 1992 and during the quarter ended March 31, 1991.

The Registrant's capital position (total stockholders' equity) was $65.2 million, or 7.0% of total assets at March 31, 1992, compared with $63.4 million or 11.7% of total assets at December 31, 1991. The Registrant's capital position exceeds all regulatory requirements. (See "RESULTS OF OPERATIONS - GENERAL" for a discussion of the Registrant's adoption of FASB statement No. 109.)

ASSET-LIABILITY MANAGEMENT

Through the Registrant's Asset-Liability Management Committee ("ALCO"), which is comprised of certain senior and middle management personnel, the Registrant closely monitors the level and general mix of interest rate-sensitive assets and liabilities. The primary objective of the Registrant's ALCO program is to manage the assets and liabilities of the Registrant to provide for optimum profitability and capital at prudent levels of liquidity and interest rate, credit, and market risk.

It is ALCO's general policy to closely match the maturity or rate sensitivity of its assets and liabilities. In accordance with this policy, certain strategies have been implemented to improve the match between interest rate sensitive assets and liabilities. These strategies include, but are not limited to: strict daily monitoring of the Registrant's changing cash requirements, with particular concentration on investment in short term securities; originating adjustable rate mortgage loans for the Registrant's own portfolio while selling fixed-rate mortgage loans in the secondary market; managing the cost and structure of deposits; and generally using matched borrowings to fund specific purchases of loan packages and large loan originations. Occasionally, management may choose to deviate slightly from specific matching of maturities of assets and liabilities, if an exceptional opportunity to enhance yields becomes available.

The Registrant actively manages its liability portfolio in order to effectively plan and manage growth and maturities of deposits. Management recognizes the need for strict attention to all deposits. Accordingly, plans for growth of all deposit types are reviewed regularly. Programs are in place which are designed to build multiple relationships with customers and to enhance the Registrant's ability to retain deposits at controlled rates of interest, and management has adopted a policy of reviewing interest rates on an ongoing basis on all deposit accounts, in order to control deposit growth and interest costs.

In addition to attracting deposits, the Registrant has selectively borrowed funds using advances from the FHLB and upon occasion, reverse repurchase agreements. These funds have generally been used to purchase loans typically having a matched repricing date.

IMPACT OF INFLATION

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and results of operations in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. The primary effect of inflation on the operations of the Registrant is reflected in increased operating costs. Unlike most industrial companies, virtually all assets of a financial institution are monetary in nature. As a result, interest rates have a more significant effect on a financial institution's performance than the effect of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services.

REGIONAL BANCORP, INC. AND SUBSIDIARY

INTEREST RATE SPREAD

	Three months ended March 31, 1992	1991
	(unaudited)	
Weighted average yield earned on:		
Federal funds sold	3.85%	6.30%
Interest-bearing deposits	2.76	7.37
Investment securities	6.38	7.92
Mortgage-backed securities	7.00	9.24
Loans	9.82	10.32
All earning assets	8.86%	9.98%
Weighted average rate paid on:		
Deposits	4.54%	6.68%
Other borrowed funds	7.52	8.71
All interest-bearing liabilities	5.25%	6.93%
Weighted average rate spread	3.61%	3.05%

PART II. OTHER INFORMATION

Item 1. Legal proceedings.

There are no material legal proceedings to which the Registrant is a party or to which any of its property is subject.

Item 2. Changes in securities.

There have been no changes in the securities of the Registrant which affect the rights of the security holders during the reported period.

Item 3. Defaults upon senior securities.

The Registrant has not defaulted on any material indebtedness or payment of dividends during the reported period.

Item 4. Submission of matters to a vote of security holders.

The Annual Meeting of Stockholders was held on April 27, 1992. At this meeting the following matters were voted on: (i) the election of two directors to serve until the 1995 Annual Meeting of Stockholders and until their successors are duly elected and qualified, (ii) approval of the Registrant's Amended Incentive Compensation Program and (iii) approval of the Registrant's Deferred Investment Plan for Outside Directors. At the Annual Meeting: (i) the nominees of the Board of Directors (Thomas F. O'Connor and Edward J. Gaffey) were reelected, (ii) the Amended Incentive Compensation Program was approved, with _______ shares of the Company's Common Stock voting approval of this plan and _______ shares voting against approval of this plan and (iii) the Deferred Investment Plan for Outside Directors was approved, with _______ shares of the Company's Common Stock voting approval of this plan and _______ shares voting against approval of this plan.

Item 5. Other information.

None.

Item 6. Exhibits and reports on form 8-K.

Exhibits

None.

Reports on form 8-K

The Registrant filed a Current Report on Form 8-K on March 27, 1992 related to its acquisition of certain assets and assumption of certain liabilities of The Bank for Savings from the Federal Deposit Insurance Corporation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

REGIONAL BANCORP, INC.

Date May 4, 1992

/s/
Thomas F. O'Connor, President

Date May 4, 1992

/s/
Leonard V. Siuda, Senior Vice President and Treasurer
Chief Financial and Accounting Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 0-9179

Silicon Disk Corporation
(Exact name of registrant as specified in charter)

Nevada	95-3138185
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2621 West Airport, Suite 112, Irving, Texas	75062
(Address of principal executive offices)	(Zip Code)

(214) 255-5938
(Registrant's telephone number, including area code)

PROCESSED BY
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MAY 18 1992

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Q-Data Corp. - St. Petersburg, FL
13Q

Kentana Development, Inc.
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

As of April 22, 1992, the registrant had 23,460,367 shares of its common stock issued and outstanding.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited financial statements presented herein have been prepared in accordance with the instructions to form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on form 10-K for the year ended December 31, 1991. The accompanying financial statements have not been examined by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management such financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the three months ended March 31, 1992, may not be indicative of the results that may be expected for the year ending December 31, 1992.

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31 1992 (Unaudited)	December 31 1991
Current Assets:		
Cash	$ 42,831	$ 1,000
Advances	250	-
Prepaid Expenses and Supplies	70,000	-
Interest Receivable	2,753	17,753
Total Current Assets	115,834	18,753
Long-Term Receivables and Other Assets:		
Debentures Receivable, Net of Discount	3,994,000	4,229,000
Investments	1,335,600	-
Other	487	487
Total Other Assets	5,330,087	4,229,487
Total Assets	$ 5,445,921	$ 4,248,240

See Notes to Consolidated Financial Statements.

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 1992 (Unaudited)	December 31 1991
Current Liabilities:		
Notes and Advances Payable, Stockholders and Affiliates	$ -	$ 80,000
Current Maturities of Long-term Debt	-	2,017
Accounts Payable	7,365	96,848
Accrued Expenses	3,094	52,965
Total Current Liabilities	10,459	231,830
Excess Liabilities Over Assets of Subsidiary to be Disposed, Applied Marketing, Inc.	-	51,969
Stockholders' Equity		
Common Stock, par value $.001 authorized 100,000,000 shares; outstanding 21,599,006 shares in 1991 and 22,793,700 shares in March 1992	22,794	21,599
Preferred Stock	85,600	-
Paid-in Capital	14,352,878	13,265,274
Accumulated Deficit	(9,025,810)	(9,322,432)
Total Stockholders' Equity	5,435,462	3,964,441
Total Liabilities and Stockholders' Equity	$ 5,445,921	$ 4,248,240

See Notes to Consolidated Financial Statements.

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,	
	1992	1991
General and Administrative Expenses	$ 148,378	$ 143,174
Other Operating Income (Expense):		
Interest and Other Income	180,000	110,663
Interest Expense	-	(25,023)
Other Income	265,000	-
Total Other Income (Expense)	445,000	85,640
Income (Loss) From Continuing Operations Before Income Taxes	296,622	(57,534)
Provision For Income Taxes	-	-
Income (Loss) From Continuing Operations	296,622	(57,534)
Income (Loss) From Operations of Discontinued Subsidiaries (Less Applicable Income Taxes)	-	54,199
Net Income (Loss)	$ 296,622	$ (3,335)
Net (Loss) Income From Continuing Operations Per Share	$ 0.01	$ (0.00)
Net Income (Loss) From Discontinued Operations Per Share	$ 0.00	$ 0.00
Net Income (Loss) Per Share	$ 0.01	$ 0.00
Weighted Average Number Of Shares	$22,793,700	$21,599,000

See Notes to Consolidated Financial Statements.

SILICUM DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 1991, AND THREE MONTHS ENDED MARCH 31, 1992

	Common Stock Issued		Preferred Stock Issued		Common Stock Subscribed		Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, December 31, 1990	46,359,784	$ 46,360	-	$	900,000	$ 45,000	$ 8,363,318	$(8,263,713)	$ 190,965
In December, 1991 reverse Stock Split of 200:1, effective December 10, 1991	(46,053,809)	$ (46,053)	-	$ -	-	$ -	$ 46,053	$ -	$ -
All Subsequent Common Stock Transactions Have Been Given the Effect of the 200:1 Reverse Split.									
In May, 1991 issuance 900,000 common stock (pre-split) in exchange for common stock subscribed to officer	4,500	4	-	-	(900,000)	(45,000)	44,996	-	-
In June, 1991, issuance of 5,400,000 shares in exchange for forgiveness of debt to a related party	27,000	27	-	-	-	-	739,206	-	739,233
In November 1991, acquired Permanente Homes, Inc. for 3,000,000 shares Prior to reverse split	3,000,000	3,000	-	-	-	-	27,000	-	30,000
Conversion of Note Payable to Common Stock	100,000	100	-	-	-	-	199,900	-	200,000
In December, 1991 issuance of stock for debentures receivable	2,000,000	2,000	-	-	-	-	3,998,000	-	4,000,000

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 1991, AND THREE MONTHS ENDED MARCH 31, 1992

	Common Stock Issued		Preferred Stock Issued		Common Stock Subscribed		Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
In December, 1991 sale of subsidiary STE Enterprises	85,000	$ 85	-	$ -	-	$ -	$ (137,000)	$ 524,181	$ 387,266
In December, 1991 sale of subsidiary Kentana Development (a Texas Corporation) and its Richland Chambers Development	(122,725)	(123)	-	-	-	-	-	111,263	111,140
Net loss, for Year Ended December 31, 1991	-	-	-	-	-	-	-	(1,694,163)	(1,694,163)
	5,399,750	5,400	-	-	-	-	13,281,473	(9,322,432)	3,964,441
Effective March 1, 1992 forward split 4:1	16,199,250	16,199	-	-	-	-	(16,199)	-	-
Restated December 31, 1991	21,599,000	21,599	-	-	-	-	13,265,274	(9,322,432)	3,964,441
All Subsequent Common Stock Transactions have been given the effect of the 4:1 forward split									
January, 1992 sale of 55,000 pre-split shares to an officer for cash and receivable	55,000	55	-	-	-	-	54,945	-	55,000
February, 1992 exchanged 139,700 pre-split restricted stock for debt	139,700	140	-	-	-	-	283,659	-	283,799

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 1991, AND THREE MONTHS ENDED MARCH 31, 1992

	Common Stock Issued		Preferred Stock Issued		Common Stock Subscribed		Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
March, 1992 exchanged restricted common and preferred stock for acquisition of subsidiary	1,000,000	$ 1,000	1,000,000	$ 85,600	-	$ -	$ 749,000	$ -	$ 835,600
Net income for Three Months Ended March 31, 1992	-	-	-	-	-	-	-	296,622	-
Balance March 31, 1992 (Unaudited)	22,793,700	$ 22,794	1,000,000	$ 85,600	-	$ -	$16,352,878	$(9,025,810)	$ 5,138,840

See Notes to Consolidated Financial Statements.

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,	
	1992	1991
Cash Flows From Operating Activities:		
Net Income (Loss)	$ 296,622	$ (3,335)
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:		
Depreciation	-	13,346
Gain on Sale of Assets	(265,000)	-
Decrease (Increase) in Operating Assets:		
Receivables	15,000	(212,145)
Notes Receivable	-	(61,431)
Inventory	-	(45,797)
Deferred Costs	-	3,869
Land Held For Resale	-	(8,869)
Other, Net	(70,250)	44,910
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	7,365	(119,865)
Accrued Expenses	3,094	32,034
Deferred Income	-	(9,872)
Interest Payable	-	(21,110)
Net Cash Used in Operating Activities	(13,169)	265,403
Cash Flows From Investing Activities:		
Proceeds From Sale of Investments	500,000	-
Capital Expenditures	(500,000)	(7,187)
Increase in Land Held For Development	-	(27,805)
Net Cash Used in Investing Activities	-	(34,992)

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
Cash Flows From Financing Activities:		
Proceeds From Issuance of Common Stock	$ 55,000	$ -
Decrease (Increase) in Notes Payable and Long-term Debt	54,805	(22,124)
Increase in Notes Payable and Advances From Stockholders and Affiliates	-	244,383
Net Cash Provided by Financing Activities	109,805	229,259
Net Increase in Cash	96,636	(78,136)
Cash at Beginning of Period	1,000	28,394
Cash at End of Period	$ 97,636	$ (49,742)
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Period For:		
Interest	$ -	$ 9,937
Income Taxes	$ -	$ -

Supplemental disclosure of noncash investing and financing activities:

During the three months ended March 31, 1991, the Company issued 4,500 shares of common stock in exchange for notes receivable in the amount of $45,000. During February 1992, 139,700 shares of restricted common stock were exchanged for debt. During March 1,000,000 shares of restricted common stock and 1,000,000 shares of preferred stock were issued for the acquisition of a subsidiary.

SILICON DISK CORPORATION
(Formerly Kentana Development, Inc.)
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

The unaudited financial statements presented herein have been prepared in accordance with the instructions to form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on form 10-K for the year ended December 31, 1991. The accompanying financial statements have not been examined by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management such financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the three months ended March 31, 1992, may not be indicative of the results that may be expected for the year ending December 31, 1992.

NOTE 2

During March the Company issued 1,000,000 preferred shares Series AAA, 1,000,000 common shares restricted and $500,000 cash in exchange for all the issued and outstanding stock of International Executive Ltd., a privately-held Anguilla, BWI Corporation. Mr. Brady LeBlanc, the president and Mr. Jim Nilsson, the secretary of Silicon Disk Corporation retain the voting rights of the preferred shares for five years. The only asset of International Executive Ltd., is 333 shares, or 50% of all issued and outstanding shares of Romeo Charlie, Inc. and those of its wholly-owned subsidiary, Piper Aircraft Corp. (Piper Aircraft Corp. is currently being reorganized under Chapter 11 of the United States Bankruptcy Code, Southern District of Florida, West Palm Beach; case #91-31884 Bac-RAM). As a result of the bankruptcy filing and other factors, Silicon Disk Corporation will not be in a position to control Piper Aircraft Corp. or Romeo Charlie, Inc. Therefore, the acquisition has been accounted for as an investment under the cost method of accounting.

NOTE 3

The 1992 Series AAA preferred stock has a conversion feature of one preferred share in exchange for 39 common shares in the year 2007. The preferred stock carries a liquidation preference in an amount equal to the net book value of the Registrant on the date of liquidation; plus all unpaid dividends. The Series AAA preferred stock, voting as a single class, has the right to elect two-thirds of the directors and the common stock, voting as a single class, has the right to elect one-third of the directors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

This discussion should be read in conjunction with Management's Discussion and analysis of Financial Condition and Results of Operations in the Registrant's annual report on form 10K for the year ended December 31, 1991. During 1991, the Company sold STE Enterprises, Ltd. and Kentana Developments, Inc., thereby divesting itself of the specialty apparel business and the real estate sales and development business. The Company acquired Permanente Homes, Inc. on November 26, 1991 and International Executive Ltd. on March 4, 1992. These acquisitions were accounted for as purchases. Refer to footnote 2, in the December 31, 1991 notes to consolidated financial statements for a further explanation of the acquisitions and disposals.

Results of Operations

During the quarter ended March 31, 1992, the Company did not produce any revenues from operations. The Company began repositioning itself in 1991 by disposing of the apparel and land development subsidiaries. As a result the March 31, 1991 financial statements have been revised to reflect the disposals. The acquisition of Permanente Homes, Inc. is the primary reason for the increased interest income while the sale of assets acquired in the Permanente Homes acquisition accounted for the increase in other income. General and administrative expenses remained relatively stable during the first quarter of 1992 as compared to the first quarter of 1991. While it appears that general, and administrative expenses have not increased, the disposal of the subsidiaries would normally decrease some of the overhead. During 1991 and continuing into 1992 the company incurred additional expenses associated with the start up of the silicon disk business as well as increased expenses associated with the overall repositioning of the Company. These additional expenses have more than offset any expected decreases in overhead from the disposal of the real estate and apparel businesses. The new activities that the Company is engaged in are still in the development stage and have not yet produced significant revenues.

Liquidity and Capital

The liquidity and net capital improved during the first quarter 1992 as compared to 1991, primarily as a result of the disposal of subsidiaries who had previously had a negative impact on the net equity of the Company and the acquisition of Permanente Homes. Long-term debt has been eliminated and the majority of the current liabilities were converted into equity.

Operating activities used $13,000 in cash during the quarter, compared to such activities providing $265,000 during the same period in the preceding year. The $500,000 in cash used in investing activities, as compared to the use of $35,000 in the corresponding period in the preceding year reflects the partial sale of investment in debentures and the net cash proceeds used for the purchase of International Executive Ltd. Financing activities provided $110,000 which is primarily the result of the sale of common stock to an officer and the conversion of the debt of the Company. As a result the liquidity and capital resources of the Company have improved over prior years.

The Company will require working capital to fund the continued development of the computer segment as well as the operation of the aircraft subsidiary. The Company is negotiating with various sources to obtain the necessary working capital for these businesses, however, there can be no assurance that the Company will be successful in obtaining such financing.

The Company has no material commitments for capital expenditures. On March 4, 1992 the Company expended $500,000 cash as part of the acquisition of International Executive Ltd. whose primary asset is an investment in an aircraft subsidiary. Future capital expenditures will be funded through long-term financing arrangements that are currently under negotiation. There can be no assurance that the Company will be successful in the negotiation for capital improvement financing. If successful in obtaining such financing, the Company plans to move the aircraft subsidiary to Canada.

PART II - OTHER INFORMATION

ITEM 2. CHANGE IN SECURITIES

(b) The Registrant issued 1,000,000 shares of 1992 Series AAA preferred stock. The Series AAA preferred stock voting as a single class has the right to elect two-thirds of the directors and the common stock voting as a single class, has the right to elect one-third of the directors.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) The following form 8-K's were filed during the quarter ended March 31, 1992:

January 15, 1992 - disposal of STE Enterprises, included proforma financial statements.

January 29, 1992 - change in accountants - dismissed Peterson & Co. and hired Robison, Hill & Co.

February 24, 1992 - disposal of Kentana Development Inc., (a Texas corporation) and its wholly owned subsidiary Richland Chambers Development, included proforma financial statements.

March 16, 1992 - acquisition of International Executive Ltd.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SILICON DISK CORPORATION

Dated: May 14, 1992

By Brad R LeBlanc
Brady LeBlanc, President

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

G 92-0059

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number: 0-17034

USA WASTE SERVICES, INC.
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction of incorporation or organization)

73-1309529
(I.R.S. Employer Identification No.)

PROCESSED BY
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MAY 15 1992

5000 Quorum Drive
Suite 445
Dallas, Texas 75240
(Address of principal executive off!

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Q-Data Corp. - St. Petersburg, FL

(214) 233-4212
(Registrant's telephone number, including area code)

L3Q

No Change
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of share outstanding of each of the issuer's classes of common stock as of March 31, 1992:

Common Stock	$.01 par value	10,559,354

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PART I. Financial Information
ITEM I. Financial Statements

USA WASTE SERVICES, INC. AND SUBSIDISRIES
CONSOLIDATED BALANCE SHEETS

ASSETS	MARCH 31, 1992	DECEMBER 31, 1991
	(Unaudited)	
Current assets:		
Cash and cash equivalents	$3,938,059	$3,909,716
Accounts receivable,net	5,267,403	3,075,285
Prepaid expenses and other	1,706,632	552,679
Total current assets	10,912,094	7,537,680
Note receivable	980,155	980,155
Due from related parties	1,922,249	1,892,584
Property and equipment, net of accumulated depreciation and amortization	43,936,507	33,069,169
Excess of cost over net assets of acquired businesses, net	17,976,950	11,891,142
Other assets	5,906,525	4,226,807
Total	$81,634,480	$59,597,537
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$3,039,477	$1,861,655
Accrued liabilities	2,494,000	1,179,319
Deferred revenues	946,502	591,207
Current maturities of notes payable and term obligations	1,297,965	1,024,642
Total current liabilities	7,777,944	4,656,823
Notes payable and term obligations	27,503,413	22,847,082
Deferred revenues and other liabilities	987,839	988,888
Deferred income taxes	2,163,666	408,525
Minority interest	2,657,622	0
Total liabilities	41,090,484	28,901,318
Stockholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized; 374,102 shares oustanding; liquidation preference, $5,050,000	3,741	3,741
Common stock, $.01 par value, 50,000,000 shares authorized, 10,599,354 and 9,908,151 shares issued and oustanding	105,993	99,081
Additional paid-in capital	36,683,812	28,376,523
Retained earnings	3,750,450	2,216,874
Total stockholders' equity	40,543,996	30,696,219
Total	$81,634,480	$59,597,537

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Operating	$10,064,671	$3,122,959
Other	138,988	57,391
	10,203,659	3,180,350
Costs and expenses:		
Operating	4,537,458	1,097,036
General and administrative	1,656,147	667,661
Depreciation and amortization	827,697	259,650
Interest	728,288	76,859
	7,749,590	2,101,206
Income before minority interest and provision for income taxes	2,454,069	1,079,144
Provision for income taxes	857,312	319,091
Income before minority interest	1,596,757	760,053
Minority interest	63,181	-
Net income	$1,533,576	$760,053
Net income per share	$0.14	$0.09
Weighted average number of common and common equivalent shares oustanding	11,349,467	8,816,644

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings
	Shares	Amount	Shares	Amount		
Balance, December 31, 1991	374,102	$3,741	9,908,151	$99,081	$28,376,523	$2,216,874
Stock options exercised			45,825	458	109,560	
Conversion of subordinated notes to common stock			199,494	1,995	2,691,189	
Shares issued in acqusitions			445,884	4,459	5,506,540	
Net income						1,533,576
Balance, March 31, 1992	374,102	$3,741	10,599,354	$105,993	$36,683,812	$3,750,450

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1992	1991
Cash flows from operating activities:		
Net income	$1,533,576	$760,053
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	63,181	-
Pooling adjustment	-	(567,562)
Depreciation and amortization	827,697	269,650
Deferred income taxes	558,347	-
Net (gain) on disposal of assets	(493)	-
Change in assets and liabilities, net of effects of business acquisitions:		
(Increase) in due from related parties	(29,666)	-
(Increase) in accounts receivable	(435,047)	(133,097)
(Increase) in prepaid expenses and other	(793,622)	(67,353)
Decrease (increase) in other assets	420	(177,746)
Increase (decrease) in accounts payable and accrued liabilities	(203,947)	165,666
Increase (decrease) in deferred revenues and other liabilities	364,246	(312,838)
Net cash provided by (used in) operating activities	1,874,693	(63,227)
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(8,205,045)	-
Capital expenditures	(561,868)	(2,447,525)
Acquisition of other assets	-	(128,468)
Proceeds from sale of assets	11,000	-
Net cash used in investing activities	(8,755,913)	(2,575,993)
Cash flows from financing activities:		
Proceeds from issuance of notes payable and term obligations	7,029,627	974,891
Principal payments on notes payable and term obligations	(230,082)	(217,830)
Proceeds from exercise of stock options	110,018	100,405
Net cash provided by financing activities	6,909,563	857,466
Increase (decrease) in cash and cash equivalents	28,343	(1,781,754)
Cash and cash equivalents at beginning of period	3,909,716	2,325,878
Cash and cash equivalents at end of period	$3,938,059	$544,124

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Continued from previous page)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1992	1991
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$655,469	$76,859
Supplemental disclosure of non-cash investing and financing activities:		
Acquisition of property and equipment through capital leases	$ -	$174,257
Conversion of subordinated notes	2,693,184	
Acquisitions of businesses:		
Assets acquired	$22,067,128	
Liabilities assumed	(4,476,538)	
Common stock issued	(5,510,999)	
Debt incurred	(2,834,441)	
Cash paid	9,245,150	
Less cash acquired	(1,040,105)	
Net cash paid	$8,205,045	

USA WASTE SERVICES, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

The consolidated balance sheet as of March 31, 1992, and the related consolidated statements of income, stockholders' equity and cash flows for the three months ended March 31, 1992 and 1991 are unaudited; in the opinion of management, such financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results of the interim periods presented.

The financial statements included herein should be read in connection with the Company's Consolidated Financial Statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

NOTE 1 - BUSINESS ACQUISITIONS:

During the first quarter of 1992 the Company acquired four collection businesses as set forth below:

		Purchase Price		
Company	Month Acquired	Total	Cash and Debt	Common Shares
Freeding-Skokie Roll-Off Services, Inc. and North Suburban Disposal Corp.	January	$1,763,000		140,321
Ace Disposal Service, Inc.	February	2,813,000	365,000	204,000
Best Pak Disposal, Inc. (55% interest)	February	8,776,000	7,501,000	100,000
Total		$13,352,000	$7,866,000	444,321

The acquisitions have been accounted for as purchases and, accordingly, the results of operations of the acquired businesses have been included in the Company's consolidated financial statements from their respective dates of acquisition.

Funds for these acquisitions were provided by the Company's revolving credit agreement, available working capital, and a new $3,500,000 subordinated note financing.

The total of acquisition costs exceeded the fair value of the net assets acquired and is being amortized over twenty-five years based on a straight-line basis. The fair values of the assets acquired are summarized below (in thousands of dollars):

Current assets	$3,157
Property and equipment	10,955
Other assets	1,843
Excess of cost over net assets acquired	6,112
Less:	
Liabilities assumed	<6,121>
Minority interest	<2,594>
Total	$13,352

Unaudited consolidated pro forma results of operations for each of the three months ended March 31, 1992 and 1991 as if the aforementioned business acquisitions were included from the beginning of both interim periods are set forth below (in thousands, except per share amounts):

	Three months ended March 31,	
	1992	1991
Revenues	$13,110	$ 8,308
Net income	$ 1,677	$ 995
Net income per share	$ 0.15	$ 0.11

NOTE 2 - DEBT CONVERSION:

In March 1992 the Company issued 199,494 shares of its common stock in exchange for $2,693,184 of 13% Subordinated Notes due 1996.

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion reviews the Company's operations for the three months ended March 31, 1992 and 1991, and should be read in conjunction with the Company's Consolidated Financial Statements and related notes thereto included elsewhere herein, as well as the Company's Consolidated Financial Statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Introduction

Prior to mid-1990, when current management became involved with the Company, the Company's operations consisted of one solid waste landfill, two transfer stations, and a small collection operation based near Oklahoma City, Oklahoma. Since that time, the Company has made eleven acquisitions and expanded its base of operations to several locations nationwide. The majority of the changes in the Company's financial condition and results of operations for the periods discussed herein relate to the business acquisitions made by the Company and the various financings arranged in connection with such acquisitions.

The Company's revenues consist primarily of fees charged for its collection and disposal services. Revenues for collection services include fees from residential, commercial, industrial, and municipal collection customers. A portion of these fees are billed in advance; a liability for future service is recorded upon receipt of payment and revenues are recognized as services are actually provided. Fees for residential services are normally based on the type and frequency of service. Fees for commercial and industrial services are normally based on the type and frequency of service and the volume of solid waste collected.

The Company's revenues from its landfill operations consist of disposal fees (known as tipping fees) charged to third parties and are normally billed monthly. Tipping fees are based on the volume or weight of solid waste being disposed of at the Company's landfill sites. In Oklahoma, solid waste is often deposited at the Company's transfer stations where it is loaded into larger trucks and transported to the Company's nearby landfill for disposal. Fees are charged at the transfer station based on the volume of solid waste deposited, taking into account the Company's cost of loading, trucking, and disposing of the solid waste at its landfill. Intercompany revenues between the Company's landfill and collection operations have been eliminated in the financial statements presented herein.

The following table sets forth for the periods indicated, the estimated percentages of the Company's operating revenues represented by the solid waste management services that accounted for more than 10% of the Company's revenues for such periods:

	Three months ended March 31,	
	1992	1991
Disposal	26%	59%
Waste Collection	69%	40%

The Company believes that an optimum revenue mix would be approximately 60% waste collection revenues and 40% disposal revenues. However, depending on the availability and timing of acquisitions of collection operations and landfills the actual revenue mix may from time to time fluctuate from this goal.

Operating expenses include direct and indirect labor and the related taxes and benefits, fuel, maintenance and repairs of equipment and facilities, tipping fees paid to third party landfills, certain landfill fees and taxes, and accruals for future landfill closure costs. Certain direct landfill development expenses are capitalized and depreciated over the estimated useful life of the site, and include acquisition, engineering, upgrading, construction, and permitting costs. All indirect development expenses, such as administrative salaries and general corporate overhead, are expensed in the period when incurred.

General and administrative costs include management salaries, clerical, and administrative costs, professional services, facility rentals, and related insurance costs, as well as costs related to the Company's marketing and sales force.

The following table presents, for the periods indicated, the percentage relationship which the various Consolidated Statements of Income items bear to total revenues:

	Three Months Ended March 31,	
	1992	1991
Revenues	100%	100%
Costs and expenses:		
Operating	44.5	34.5
General and administrative	16.2	21.0
Depreciation and amortization	8.1	8.2
Interest	7.1	2.4
Total costs and expenses	75.9	66.1
Income before minority interest and income taxes	14.1	33.9
Provision for income taxes	8.4	10.0
Minority interest	0.6	--
Net income	15.1%	23.9%

Results of Operations for the Interim Periods Ended March 31, 1992 and 1991

Revenues

Total revenues for the three months ended March 31, 1992 were $10,203,659, representing an increase of approximately $7.0 million, or 221%, from 1991. Approximately $6,265,000, or 89%, of the increase was the result of business acquisitions and approximately $758,000, or 11%, resulted from internal growth.

Revenues at the Company's Countryside landfill increased $294,000, or 17%, over the first three months of 1991, reflecting an increase in disposal volumes and tipping fees. The Company also experienced an increase in revenues of $287,000, or 44%, in 1992 at its Ellis County, Texas operations. This increase was primarily attributable to (1) new collection contracts, (2) price increases for its collection services, and (3) an increase in disposal volumes and tipping fees at its Ellis County landfill.

Operating Costs and Expenses

For the three months ended March 31, 1992 operating costs and expenses of $4,537,458 increased approximately $3,440,000, or 314%, as compared to the corresponding period of 1991. Business acquisitions resulted in an increase in operating costs and expenses of $3,624,000 while existing operations of the Company reflected a decrease of $186,000 in the first quarter of 1992 as compared to the same period of 1991. The principal reason for this decline is represented by a reduction of $111,000 in operating costs and expenses at the Company's Countryside landfill due to better utilization of labor and equipment during the first three months of 1992 versus the comparable period of 1991.

Operating costs and expenses as a percentage of revenues increased from 44.5% for the first quarter of 1992 as compared to 34.5% for the quarter ended March 31, 1991. This increase results from a change in the Company's revenue mix to a larger percentage of its revenues being generated from collection operations. Waste collection revenues for the first quarter of 1992 were approximately 69% of total revenues as compared to 40% for the comparable period of 1991. Operation costs and expenses as a percentage of total revenues tend to be higher for collection operations than for disposal operations.

General and Administrative

General and administrative expenses of $1,655,844 for the first three months of 1992 increased $988,000, or 148% over the same period of 1991. Business acquisitions accounted for $875,000 of the increase, while existing operations reflected an increase of $183,000. This increase was primarily the result of additional corporate staff and expenses necessary to manage the Company's rapid growth.

General and administrative costs and expenses as a percentage of revenues declined from approximately 21% in the first quarter of 1991 to 16% in the comparable quarter of 1992, as the Company was able to increase revenues (principally through acquisitions) without a corresponding percentage increase in overhead costs and expenses.

Depreciation and Amortization

Depreciation and amortization expense increased from $259,650 in the first quarter of 1991 to $827,697 in the comparable quarter of 1992, reflecting an increase of $568,047, or 219%. Business acquisitions accounted for $447,000 of this increase, while existing operations reflected an increase of $121,000, primarily resulting from additional equipment necessary to service the Company's contracts.

Depreciation and amortization expense as a percentage of revenues remained basically unchanged at approximately 8% for both the first quarters of 1992 and 1991.

Interest

Interest expense increased significantly to $728,288 for the first three months of 1992 as compared to only $76,859 for the comparable period of 1991, an increase of approximately 848%. This large increase results from the growth in the Company's indebtedness which was incurred to finance the Company's accelerated growth through business acquisition and capital expenditures. Notes payable and term obligations were $28,801,378 at March 31, 1992, as compared to only approximately $5,500,000 at March 31, 1991.

Liquidity and Capital Resources

At March 31, 1992 the Company had working capital of $3,134,150 and its cash balance was $3,938,059 which is comparable to December 31, 1991 working capital of $2,880,857 and a cash balance of $3,909,716. During the three months ended March 31, 1992, the Company generated net cash from operations of approximately $1,875,000 and provided net cash from financing activities of approximately $6,909,000. These funds were used principally in business acquisitions ($8,205,000) and capital expenditures ($561,000).

The Company's recent acquisition activity in late 1991 and the first quarter of 1992 has significantly reduced the remaining available funds under the Company's revolving credit facility (approximately $1,400,000 available at May 11, 1992). Management believes that the remaining amounts available under its credit facility, together with cash on hand and anticipated cash from operations will be sufficient to fund the Company's cash requirements for the balance of 1992, including estimated capital expenditures of approximately $4.0 million.

The Company's business plan is to grow through acquisitions as well as development projects. The Company has issued equity securities in business acquisitions where appropriate and expects to do so in the future. Furthermore, the Company's future growth will depend greatly upon its ability to raise additional capital. Management believes that it can arrange the necessary financing required to accomplish its business plan; however, to the extent the Company is not successful in its future financing strategies the Company's growth could be limited.

Impact of Inflation and Seasonality

To date inflation has not had a significant impact on the Company's operations. The majority of the Company's contracts contain a cost adjustment formula based on published price indices that provide for automatic periodic adjustments of fees to cover certain cost increases. Consequently, the Company believes that it should be able to pass through to its customers most cost increases resulting from inflation. However, competitive factors could require the Company to absorb at least a portion of these cost increases, particularly during periods of high inflation. Because the volumes of certain types of waste, such as yard clippings and construction debris, tend to be higher in the spring and summer, the Company experiences seasonal variations in its revenue. As a result, during spring and summer, the Company's revenues tend to be higher than its revenues in fall and winter.

PART II. OTHER INFORMATION

Item 1 - LEGAL PROCEEDINGS

There have been no changes in the status of legal proceedings since the filing of the Form 10-K as of December 31, 1991.

Item 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:
    (1) Exhibit I - Computation of Earnings Per Share
(b) Reports on Form 8-K:
    Current report on Form 8-K dated February 28, 1992, reporting on Item 2 - Acquisition or Disposition of Assets; Item 5 - Other Events; and Item 7 - Financial Statements and Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

USA WASTE SERVICES, INC.
Registrant

5/13/92
Date

BY:
Terry W. Patrick, President

5-13-92
Date

BY: Earl E. DeFrates
Earl E. DeFrates,
Vice President - Finance,
Chief Financial Officer

EXHIBIT I

USA WASTE SERVICES, INC.
COMPUTATION OF EARNINGS PER SHARE
(UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
Net income for the period	$ 1,533,576	$ 760,050
Primary shares:		
Weighted average shares outstanding	10,260,952	8,471,632
Common stock equivalents (1)	1,088,515	345,012
Total	11,349,467	8,816,644
Earnings per share (2)	$ .14	$ .09

(1) Common stock equivalents were determined based on the "Treasury Stock Method" as set forth in Accounting Principles Board Opinion No. 15.

(2) Fully diluted earnings per share computations are not set forth, inasmuch as the result for the three months ended March 31, 1992, was anti-dilutive due to the lower market value of the Company's common stock at the end of the quarter when compared to the average market price during the quarter. The fully diluted share computations for the three months ended March 31, 1991, were the same as the primary share computations set forth above.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
[redacted] WASHINGTON D. C. 20549
FORM 10-Q

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(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-12508

S&T BANCORP, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	25-1434426
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Philadelphia Street, Indiana, PA	15701
(Address of principal executive offices)	(Zip Code)

(412) 349-2900
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, $2.50 Par Value --2,795,335 shares as of May 14, 1992

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S&T BANCORP, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

S&T BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31 1992	December 31 1991
	(000's omitted except pershare data)	
Assets		
Cash and due from banks	$26,799	$26,191
Interest–earning deposits with banks	9,994	28,926
Federal funds sold	4,600	5,000
Investment securities (market value $385,770 in 1992 and $385,996 in 1991)	369,316	361,450
Loans	629,194	618,330
Unearned income	(118)	(157)
Allowance for loan losses	(9,409)	(9,321)
Net Loans	619,667	608,852
Premises and equipment	11,212	11,062
Other assets	20,084	18,686
Total Assets	$1,061,672	$1,060,167
Liabilities		
Deposits		
Noninterest–bearing demand	$76,539	$78,827
Interest–bearing demand	88,671	81,434
Money market	115,429	102,769
Savings	141,846	128,566
Time	498,917	518,180
Total Deposits	921,402	909,776
Federal Funds Purchased		7,000
Securities sold under repurchase agreements	28,225	33,005
Other borrowed funds	1,548	1,600
Other liabilities	10,139	10,411
Total Liabilities	961,314	961,792
Shareholders' Equity		
Common stock ($2.50 par value)		
Authorized – 15,000,000		
Issued – 2,955,236	7,388	7,388
Surplus	31,066	31,066
Undivided profits	69,559	67,588
Treasury stock (163,316 shares in 1992 and 162,176 shares in 1991 at cost)	(6,107)	(6,067)
Deferred compensation	(1,548)	(1,600)
Total Shareholders' Equity	100,358	98,375
Total Liabilities and Shareholders' Equity	$1,061,672	$1,060,167

See Notes to Condensed Consolidated Financial Statements

S&T BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three months ended March 31	
	1992	1991
Interest Income		
Loans, including fees	$14,935	$14,489
Deposits with banks	268	271
Federal funds sold	59	840
Investment securities		
Taxable	6,055	2,451
Tax-exempt	642	708
Dividends	203	189
Total Interest Income	22,162	18,948
Interest Expense		
Deposits		
Interest-bearing demand	805	636
Money market	1,088	923
Savings	1,323	1,080
Time	8,214	7,338
Federal Funds Purchased	19	
Securities sold under repurchase agreements	350	591
Other borrowed funds	23	39
Total Interest Expense	11,822	10,607
Net Interest Income	10,340	8,341
Provision for loan losses	645	1,000
Net Interest Income After Provision for Loan Losses	9,694	7,341
Noninterest Income		
Service charges on deposit accounts	457	384
Trust department	418	350
Other	358	345
Total Noninterest Income	1,233	1,079
Noninterest Expense		
Salaries and employee benefits	3,534	2,941
Occupancy expense, net	457	312
Furniture & equipment expense	474	335
Other taxes	204	195
Data processing	454	326
Amortization of intangibles	90	3
FDIC assessment	484	326
Other	1,385	981
Total Noninterest Expense	7,082	5,419
Income Before Income Taxes	3,845	3,001
Applicable income taxes	897	335
Net Income	$2,948	$2,666
Per Common Share		
Earnings	$1.06	$0.95
Dividends declared	$0.35	$0.35
Average Common Shares Outstanding	2,792,037	2,809,690

See Notes to Condensed Consolidated Financial Statements

S&T BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	1992	1991
	(000's omitted)	
Operating Activities		
Net Income	$2,948	$2,666
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	645	1,000
Provision for depreciation and amortization	424	222
Net amortizaton of investment security premiums	530	106
Net accretion of loan and deposit discounts	(331)	
Deferred income taxes	237	(215)
Realized investment security gains	(27)	(165)
Unrealized investment security losses		75
Increase in interest receivable	(842)	(179)
Decrease in interest payable	(170)	(473)
Increase in other assets	(991)	(202)
(Decrease) increase in other liabilities	(23)	1,046
Other		44
Net Cash Provided by Operating Activities	2,400	3,925
Investing Activities		
Net redemption of interest–earning deposits with banks	18,932	
Net decrease (increase) in federal funds sold	400	(8,350)
Proceeds from sales and maturities of investment securities	8,641	9,888
Purchases of investment securities	(17,009)	(13,113)
Net (increase) decrease in loans	(11,180)	2,685
Purchases of premises and equipment	(456)	(215)
Net Cash Used by Investing Activities	(672)	(9,105)
Financing Activities		
Net increase (decrease) in demand, NOW and savings deposits	29,790	(4,172)
Net (decrease) increase in certificates of deposit	(18,113)	1,951
Net decrease in Federal Funds purchased	(7,000)	
Net decrease in repurchase agreements	(4,780)	(2,126)
Acquisition of treasury stock	(40)	(285)
Cash dividends paid to shareholders	(977)	(985)
Net Cash Used by Financing Activities	(1,120)	(5,617)
Increase (decrease) in Cash and Cash Equivalents	608	(10,797)
Cash and Cash Equivalents at Beginning of Period	26,191	34,199
Cash and Cash Equivalents at End of Period	$26,799	$23,402

See Notes to Condensed Consolidated Financial Statements

S&T BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1992

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the annual report on Form 10-K for the year ended December 31, 1991.

Earnings per common share are based on the average number of shares of common stock outstanding during the periods presented.

NOTE B--INVESTMENT SECURITIES

The amortized cost (book value) and estimated market value of investments were as follows:

	March 31, 1992			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
		(000's omitted)		
Debt Securities:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$250.024	$3,516	($984)	$252,556
Collateralized Mortgage Obligations of U.S. government coporations and agencies	64,293	1,248	(267)	65,274
Obligations of states and political subdivisions	37,151	1,003	(194)	37,960
Corporate securities	11,567	332	(35)	11,864
	363,035	6,099	(1,480)	367,654
Marketable equity securities	5,933	11,948	(113)	17,768
Other securities	348			348
Total	$369,316	$18,047	($1,593)	$385,770

The amortized cost (book value) and estimated market value of investments as of:

	December 31, 1991			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
		(000's omitted)		
Debt Securities:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$241,455	$8,647	$0	$250,102
Collateralized Mortgage Obligations of U.S. government corporations and agencies	64,325	3,503		67,828
Obligations of states and political subdivisions	37,014	1,094	(80)	38,028
Corporate securities	11,809	522	(22)	12,309
	354,603	13,766	(102)	368,267
Marketable equity securities	5,838	11,004	(122)	16,720
Other securities	1009			1,009
Total	$361,450	$24,770	($224)	$385,996

There were $27,034 in realized gains in 1992 relating to marketable equity securities. There were no debt securities sold prior to maturity during 1992 or 1991.

At March 31, 1992 and December 31, 1991 investment securities with a principal amount of $79,995,000 and $70,841,000, respectively, were pledged to secure repurchase agreements and public and trust fund deposits.

The amortized cost and estimated market value of debt securities at March 31, 1992, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost		Estimated Market Value
		(000's omitted)	
Due in one year or less	$49,316		$49,929
Due after one year through five years	181,426		184,713
Due after five years through ten years	124,081		124,810
Due after ten years	8,212		8,202
Total	$363,035		$367,654

NOTE C--LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of the loan portfolio was as follows:

	March 31, 1992		December 31, 1991
		(000's omitted)	
Real estate – construction	$2,744		$2,768
Real estate – mortgages:			
Residential	243,325		240,195
Commercial	73,337		58,375
Commercial – industrial and agricultural	189,194		192,991
Consumer installment	119,847		123,238
Other	747		763
Total Loans	$629,194		$618,330

Changes in the allowance for loan losses for the three months ended March 31 were as follows:

	1992		1991
		(000's omitted)	
Balance at beginning of period	$9,321		$8,878
Charge-offs	(654)		(849)
Recoveries	97		39
Net charge-offs	(557)		(810)
Provision for loan losses	645		1,000
Balance at end of period	$9,409		$9,068

NOTE D--FINANCIAL INSTRUMENTS

S&T, in the normal course of business, commits to extend credit and issue standby letters of credit. The obligations are not recorded in S&T's financial statements. Loan commitments and standby letters of credit are subject to S&T's normal credit underwriting policies and procedures and generally require collateral based upon management's evaluation of each customer's financial condition and ability to satisfy completely the terms of the agreement. S&T's exposure to credit loss in the event the customer does not satisfy the terms of agreement equals the notional amount of the obligation less the value of any collateral. Unfunded loan commitments totaled $101,035,000 and obligations under standby letters of credit totaled $13,748,000 at March 31, 1992.

NOTE E – LIGIGATION

S&T, in the normal course of business, is subject to various legal proceedings in which claims for monetary damages are asserted. No material losses are anticipated by management as a result of these legal proceedings.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Continued

NOTE F -- SUBSEQUENT EVENT

On April 10, 1992 S&T Bank completed the sale of two branch offices originally acquired in the Vanguard Savings, FSB acquisition. The sale included $13.8 million of deposits and $79,000 of land buildings and equipment. Loans included in the transaction totaled $45,000 and only included those loans associated with a sold deposit account. A gain of $355,000 was recognized from the sale.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is presented so that shareholders may review in further detail the financial condition and results of operations of S&T Bancorp, Inc. and subsidiaries (S&T). This discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the selected financial data presented elsewhere in this report. References to assets and liabilities and changes thereto represent daily average balances for the periods discussed.

Financial Condition

In the first three months of 1992 average earning assets increased $150.6 million over the 1991 average. This increase was funded by increases in deposits and by funds provided from earnings retained. Approximately $144.3 million of the increase in earning assets is related to the acquisition of Vanguard Savings Bank, FSB (Vanguard) and three branches of Atlantic Financial, FA (Atlantic). Both of these institutions were in conservatorship and acquired from the Resolution Trust Corporation (RTC) on July 5, 1991 and November 15, 1991, respectively. The principal uses of the deposit increases resulting from these acquisitions, as well as additional funds generated from maturing investment securities, were to fund the purchase of investment securities and select loan assets of Vanguard. Average taxable investment securities increased $161.2 million over the 1991 average. The increase was principally comprised of $81.3 million in U.S. Treasury notes, $77.8 million in U.S. Government agency securities and collateralized mortgage obligations, primarily Federal National Mortgage Association issues and $2.1 million in corporate securities. Average loans increased $26.9 million over the 1991 average. The increase is mainly attributable to the net loans acquired in the Vanguard acquisition and a slight increase in loan growth. Changes in the composition of the loan portfolio during the first three months of 1992 included increases of $16.6 million in mortgage loans and $16.4 million in commercial loans. Offsetting these increases was a $6.1 million decrease in installment loans due to lower demand for auto loans, and from customers refinancing and consolidating installment debt with home equity and mortgage loan refinancing. Average balances of federal funds sold and balances with banks decreased $33.9 million and $7.1 million, respectively from 1991 averages. Increased liquidity from acquired core deposits facilitated this investment portfolio shift to longer term, higher yielding securities. At March 31, 1992, S&T's liquidity ratio was 38%, substantially above the minimum regulatory guideline of 20%.

The average balance of nonearning assets, which consists of cash and due from banks, premises and equipment, other real estate owned (OREO) and other assets increased $0.2 million over the 1991 average. The average balance in cash and due from banks decreased $1.9 million during the first three months of 1992 as a result of a reduction in our required reserves due to a change by the Federal Reserve in the formula used to calculate required reserves for nonpersonal time deposits. The balance in premises and equipment increased $1.1 million over the 1991 average principally due to assets purchased in the Vanguard and Atlantic acquisitions. The balance in other assets increased $0.9 million during the period, principally a result of the increased accrued interest receivable on a larger earning asset base.

The balance in the allowance for loan lossses was $9.4 million at March 31, 1992, a $0.1 million increase from the $9.3 million at December 31, 1991. At March 31, 1992 total loans on nonperforming status were $4.2 million or .66%, compared to $5.1 million or .82% of gross loans at December 31, 1991. The balance in the allowance for loan losses was 1.50% of gross loans at March 31, 1991, the same level as December 31, 1991. At March 31, 1992 the allowance for loan losses was 226.2% of nonperforming loans compared to 183.0% at December 31, 1991. Based upon continual evaluation of loan quality, assessment of risk characteristics and information and facts known currently, management believes the allowance for loan losses is adequate to absorb probable loan losses. However, management cannot predict the risks and uncertainties of future economic conditions and therefore cannot determine the future adequacy of the allowance for loan losses with total certainty.

For the three months ended March 31, 1992 average total deposits increased $145.8 million over the 1991 average. This increase is comprised of a $83.8 million increase in time deposits, $23.5 million in money market accounts, $24.3 million in savings accounts and a $16.9 million increase in demand deposits, offset by a $2.7 million decrease in securities sold under repurchase agreements. Approximately $144.3 million of the increase is attributable to the Vanguard and Atlantic deposits assumed.

At March 31, 1992 S&T's leverage ratio of total equity to total assets and allowance for loan losses, one measure of capital adequacy, was 9.4%; the 1992 regulatory minimum guideline leverage ratio is 3.0%. S&T's risk based capital Tier I and Tier II ratios were 15.76% and 17.00% respectively at March 31, 1992, which places S&T well above the Federal Reserve Board's new risk based capital guidelines of 4.0% and 8.0%, respectively. In addition, S&T recently applied for membership with the Federal Home Loan Bank, which, when approved, will give S&T a low cost source of funds for liquidity and potential opportunities for increased equity leverage. During the first three months of 1992, S&T acquired 1,140 treasury shares. The program to acquire up to 150,000 treasury shares at up to current book value per share began in September 1990 with 34,509 total shares acquired as of March 31, 1992 for a total cost of $1.1 million. The FDIC's permission for S&T Bank to fund the acquisition of these shares through the payment of dividends to S&T expires in September 1992.

Results of Operations

Three months ended March 31, 1992 compared to three months ended March 31, 1991

Net income was $2.9 million or $1.06 per share for the quarter ended March 31, 1992 compared to $2.7 million or $0.94 per share for the quarter ended March 31, 1991. The increase in earnings per share was primarily a result of an increase in net income and a 1% reduction in average shares outstanding related to the treasury stock purchase program.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CON'T.)

On a fully taxable equivalent basis, net interest income was $11.0 million for the first quarter of 1992 compared to $9.1 million reported for the first quarter of 1991, and annualized net yield on earning assets declined from 4.73% in the first quarter of 1991 to 4.37% in the same period of 1992. The increase in net interest income is primarily due to the additional leverage and volume provided by the Vanguard and Atlantic acquisitions. The decrease in the net yield on earning assets is principally a result of lower spreads on the assets funded through the Vanguard and Atlantic acquisitions and lower yields from net free funds. Both Vanguard and Atlantic were heavily funded with higher costing time deposits; the majority of these funds will mature and are expected to rollover within one year into lower costing deposits instruments providing a positive effect to the net yield on earning assets and net interest income. Net free funds, primarily consisting of equity and demand deposits less nonearning assets, increased $9.1 million from the 1991 average to $143.2 million. However, benefit to the net yield on earning assets by net free funds is normally reduced in a declining interest rate environment.

The provision for loan losses is an amount added to the allowance for loan losses against which loan losses are charged. The provision for loan losses is based upon an estimate of probable loan losses as determined by management, giving consideration to portfolio risk and economic factors. The first quarter of 1992 provision for loan losses was $0.6 million compared to $1.0 million for the first quarter of 1991. The decline in the provision for loan losses in the first quarter of 1992 was principally a result of management's action in the first quarter of 1991 to substantially increase the allowance for loan losses in anticipation of the general economic decline and potential increases in problem loans, and the improvement in asset quality as measured by the level of nonperforming loans. Loan charge offs were $0.6 million in the first quarter of 1992 compared to $0.8 million the the first quarter of 1991.

Noninterest income increased $0.2 million in the first quarter of 1992 compared to the same period of 1991. The increase is primarily a result of increased income for service charges on deposit accounts and higher trust department income. The 19% increase in service charges on deposit accounts was a result of a higher deposit base as a result of the Vanguard and Atlantic acquisitions, as well as management's continual effort to implement reasonable fees for services performed and to manage closely the collection of these fees. The 19% increase in income from trust services was attributable to a bank wide employee incentive program and expanded marketing efforts designed to develop new trust business.

Noninterest expense increased $1.7 million in the first quarter of 1992 compared to the same period of 1991. The increase is primarily attributable to increases in salaries and benefits, occupancy, furniture and equipment expense, data processing expenses, other expenses and the amortization of intangibles. The increase of 20% in salaries and benefits was principally due to normal salary increases and to staff additions related to the Vanguard and Atlantic acquisitions. The increase in occupancy, furniture and equipment and data processing expenses resulted from expenses related to the 13 branches originally acquired from the Vanguard and Atlantic purchases. Operations and systems integrations for these acquisitions are expected to be completed in the second quarter of 1992; three of the acquired branches were closed and deposits transferred to other S&T branches in the immediate area. Two other branches in operationally remote locations and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CON'T.)

outside our preferred marketing area were sold in April, 1992. The increase in other expenses is related principally to a 49% increase in the FDIC insurance premium during 1991. The increase in the amortization of intangibles was a result of goodwill amortization related to the Atlantic acquisition. Premium related to the Atlantic acquisition was $1.7 million and is expected to be amortized over a five year term. There was no remaining premium related to the Vanguard acquisition.

Federal income tax expense increased $0.6 million in the first quarter of 1992 compared to the same period of 1991. The principal reasons for the increase were higher pretax income during the first quarter and a decrease in tax-exempt income due to maturing tax-exempt municipal investments not being replaced. S&T incurred no alternative minimum tax (AMT) for the period. Managements does not expect to incur any AMT in 1992 due to the anticipated maturities of tax-exempt investments and managements plans not to acquire substantial amounts of tax-exempt investments or to significantly increase tax-exempt loans.

ART II

THER INFORMATION

tem 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(28) Press Release

(b) Reports on Form 8-K

None

SIGNATURES

rsuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused is report to be signed on its behalf by the undersigned thereunto duly authorized.

S&T Bancorp, Inc.
(Registrant)

ate: May 14, 1992

Robert D. Duggan
President

ate: May 14, 1992

John O. Connell
Controller

ate: May 14, 1992

James C. Miller
Secretary

Exhibit (28)

S&T Bank

PRESS RELEASE

Contact: Jim Barone
412-465-1417

**To be Released:
April 21, 1992**

S&T Bancorp Reports First Quarter Earnings

Indiana, Pennsylvania - S&T Bancorp, Inc. has reported earnings of $2.9 million for the first quarter of 1992, exceeding earnings for the comparable 1991 period by 10.6 percent. Earnings per share increased to $1.06 versus $0.95 in 1991.

Robert D. Duggan, president and chief executive officer of S&T Bancorp, attributed the strong first quarter earnings to a 23 percent increase in net interest income and a lower loan loss provision. "These increases are primarily the result of income earned on over $200 million in deposits purchased last year from the Resolution Trust Corporation. S&T acquired eight offices of Vanguard Savings Bank in July, 1991 and three offices of Atlantic Financial Savings in November, 1991. These acquisitions increased S&T's market boundaries to include Allegheny, Armstrong and Westmoreland counties."

Total assets at March 31, 1992, were $1.1 billion representing a 29 percent increase over the March 31, 1991 balances. Equity capital exceeded $100 million for the first time and brought S&T's equity/asset ratio to 9.45 percent. Total risk-based capital as of March 31, 1992 was 17 percent.

Duggan also added that asset quality as measured by nonperforming loans and nonperforming assets continues to be significantly better than our peers. As of March 31, 1992, nonperforming loans as a percentage of total loans were 0.66 percent. The allowance for loan losses totaled $9.4 million, or 226 percent of nonperforming loans and 1.50 percent of total loans at March 31, 1992.

"While the economic recovery continues to be very slow in our market areas, we are beginning to see some signs of loan growth. During the first quarter, total loans increased approximately $11 million from year end," Duggan said.

The book value of S&T stock increased to $35.95 at March 31, 1992 and the most recent market price is $38.00 per share. Its common stock begins trading today under the symbol STBA on the NASDAQ National Market System.

S&T Bancorp's principal subsidiary, S&T Bank, operates 32 offices in Allegheny, Armstrong, Clearfield, Indiana, Jefferson and Westmoreland counties.

-30-

Exhibit (28)

S&T BANCORP, INC. AND SUBSIDIARIES

SELECTED FINANCIAL DATA

(UNAUDITED)

SUMMARY OF EARNINGS: (000's Omitted)	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
Interest Income	$22,162	$18,948
Interest Expense	11,822	10,607
Net Interest Income	10,340	8,341
Provision for Possible Loan Losses	645	1,000
Net Interest Income after Provision for Possible Loan Losses	9,695	7,341
Other Income	1,232	1,079
Other Expenses	7,082	5,419
Income Before Income Taxes	3,845	3,001
Income Tax Expense	897	335
Net Income	$2,948	$2,666
PER SHARE DATA:		
Earnings per Share	$1.06	$0.95
Dividends per Share	0.35	0.35
Average Shares Outstanding	2,792,037	2,809,690
Book Value per Share Period End	$35.95	$33.09
BALANCE SHEET DATA: (000's Omitted) (Totals at period end)		
Assets	$1,061,672	$820,366
Investment Securities	369,316	159,712
Loans, Net of Unearned Income	629,076	560,097
Allowance for Possible Loan Losses	9,409	9,068
Deposits/Repos	949,628	716,665
Shareholder's Equity	100,358	92,780
SIGNIFICANT RATIOS:		
Return on Average Assets*	1.13 %	1.31 %
Return on Average Equity*	11.96	11.68
Shareholder's Equity as a % of Period-End Assets	9.45	11.31
Total Risk Based Capital (1992 Guidelines)	17.00	17.35
Allowance for Loan Losses as a % of Net Loans	1.50	1.62
Net Chargeoffs as a % of Average Loans*	0.36	0.59
Nonperforming Loans as a % of Total Loans	0.66	1.14

* Annualized

Note: Included in the 1992 totals are the acquisition effects of Vanguard Savings Bank, FSB (Vanguard) on July 5, 1991 and three branches of Atlantic Financial, FA (Atlantic) on November 15, 1991. Both of these institutions were in conservatorship and acquired from the Resolution Trust Corporation. Total deposits acquired from Vanguard were $112.2 million and Atlantic deposits totaled $99.6 million.

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended March 31, 1992

Commission file number 0-17714

SEC MAIL
RECEIVED
MAY 14 1992
WASH. D.C.

Biopool International, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

BEST COPY AVAILABLE

58-1729436
(I.R.S. Employer Identification No.)

6025 Nicolle Street, Suite A, Ventura, California, 93003
(Address of principal executive offices)

(805) 654-0643
(Registrant's telephone number including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO __

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practable date.

Outstanding at March 31, 1992, Common Stock, $.01 par value per share, 6,567,032 shares.

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BIOPOOL INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEET

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
Current Assets		
Cash	$ 144,313	$ 118,691
Accounts receivable	749,048	472,217
Inventories	1,100,049	894,842
Prepaid expenses	105,818	107,789
	2,099,228	1,593,539
Machinery, equipment and furnishings		
Machinery, equipment, and furnishings	1,690,578	1,565,568
Less accumulated depreciation and amortization	(880,443)	(867,413)
	810,135	698,155
Other assets		
Patent application costs, net	166,251	169,725
Goodwill and other assets	800,919	65,082
	967,170	234,807
	$ 3,876,533	$ 2,526,501

The accompanying notes are an integral part of these financial statements.

BIOPOOL INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEET

	March 31, 1992 (unaudited)	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	$ 230,852	$ 189,898
Accounts payable	371,750	238,146
Accrued liabilities	373,954	377,413
Current portion of long-term debt	101,635	107,134
	1,078,191	912,591
Long-term debt	637,266	576,989
Commitments and contingent liability		
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value, 50,000,000 shares authorized; 6,567,032 and 5,506,402 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively	81,205	69,992
Additional paid-in capital	7,843,881	6,845,720
Accumulated deficit	(5,525,213)	(5,646,709)
Foreign currency translation adjustment	113,036	119,754
	2,512,909	1,388,757
Less 1,492,779 shares of treasury stock, at cost	(351,833)	(351,836)
	2,161,076	1,036,921
	$ 3,876,533	$ 2,526,501

The accompanying notes are an integral part of these financial statements.

BIOPOOL INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three months ending March 31, 1992	1991
Sales	$ 1,180,015	$704,200
Costs and expenses		
Cost of sales	519,760	312,306
Research and development	139,333	153,816
Administrative salaries	119,739	63,321
Consulting fees	22,237	37,863
Professional fees	10,948	7,723
Travel	9,330	13,885
Other general and administrative	212,586	138,335
Interest	6,694	9,264
	1,040,627	736,513
Operating Income (Loss)	139,388	(32,313)
Non-operating expense (income)		
Interest income	(895)	(8,068)
Interest on long-term debt	18,787	24,056
	17,892	15,988
Income (Loss) for the period	$ 121,496	$ (48,301)
Income (Loss) per share	$ .02	$ (.01)

The accompanying notes are an integral part of these financial statements.

BIOPOOL INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three months ending March 31, 1992	1991
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Income (Loss) for the period	$ 121,496	$ (48,301)
Non-cash items included in loss		
Depreciation and amortization	94,222	63,252
	215,718	14,951
Accounts receivable	(165,939)	(66,968)
Inventories	(60,463)	38,198
Prepaid expenses	13,894	15,451
Accounts payable and accruals	31,391	23,922
	34,601	25,554
INVESTMENTS		
Acquisition of Medical Diagnostic Technologies, Inc. (note 3)	(1,000,000)	-
Additions to machinery, equipment and furnishings	(66,322)	(2,380)
Acquisition of Biopool Canada Inc.	(5,867)	(4,116)
Patent and trademark costs	-	(14,198)
	(1,072,189)	(20,694)
FINANCING		
Short-term borrowings by lines of credit	22,954	31,172
Repayment of long-term debt	(43,972)	(40,891)
Issue of common shares (notes 3 and 5)	1,009,373	-
Issuance of long term debt	25,000	-
	1,013,355	(9,719)
Net change in cash	(24,233)	(4,859)
Effect of exchange rates	(6,718)	(49,518)
Cash, beginning of period (note 7)	175,264	156,441
Cash, end of period	$ 144,313	$ 102,064

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992
(Unaudited)

1. Basis of Presentation

The accompanying financial information includes the accounts of Biopool International, Inc. ("Biopool"), a Delaware corporation and its wholly-owned subsidiaries, Biopool AB ("Biopool Sweden"), a Swedish corporation, Biopool Canada Inc. ("Biopool Canada", formerly Inter-Haematol Inc.) a Canadian corporation and Medical Diagnostic Technologies, Inc. ("Meditech") a California corporation since the effective date of the acquisition (January 1, 1992). Reference herein to "the Company" includes Biopool International, Inc., Biopool AB, Biopool Canada Inc. and Medical Diagnostic Technologies, Inc. The financial information is unaudited but includes all adjustments (consisting only of normal, recurring entries) which the Company's management believes to be necessary for fair presentation of the periods presented. Interim results are not necessarily indicative of results for a full year. The financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 1991.

2. Income per Common Share

Loss per common share is computed based on the weighted average number of common shares outstanding during each of the periods. Stock options outstanding are excluded from the computation of loss per common share since they are anti-dilutive.

3. Acquisition of Meditech

Effective January 1, 1992 the Company acquired 100% of the outstanding stock of Meditech for 1,000,000 shares of the Company's unregistered common stock. The transaction was accounted for as a purchase.

All amounts related to Meditech from January 1, 1992 are included in the accompanying consolidated financial statements. The amounts related to Meditech for the three month period ending March 31, 1991 are not included in the accompanying financial statements; however, the following unaudited pro forma information presents summarized operating information as if the acquisition had occurred on January 1, 1991:

Revenues	$ 856,000
Loss for the period	$ (58,000)
Loss per common share	$ (.01)

Assets acquired on the purchase date consisted of the following:

Net working capital	$ 192,374
Fixed assets	115,825
Long term debt	(58,750)
Fair value of net tangible assets less liabilities assumed	249,449
Goodwill	750,551
	$ 1,000,000

Cash outlay by the Company:

Purchase price	$ 1,000,000
Less 1,000,000 shares issued	1,000,000
	$ -

4. **Note receivable**

The Company held a $200,000 note due in April 1993 plus interest paid quarterly at the prime rate from CytRx Corporation. The note was convertible to shares of CytRx Corporation common stock at the option of the Company at any time prior to its maturity.

During May of 1991 the Company converted the note to 171,380 shares of CytRx common stock. A gain of $ 179,143 was realized during 1991 on the subsequent sale of these shares.

5. **Warrants and options**

Warrants:

In May 1988 the Company completed an initial public offering of 1,000,000 units, each of which consists of three shares of common stock and three redeemable Class A common stock warrants. Each Class A warrant entitles the holder until May 1993 to purchase one share of the Company's common stock and receive one Class B warrant for $3.25. Each Class B warrant entitles the holder to purchase until May 1993 one share of the Company's common stock for $5.00. The Class A and Class B warrants are redeemable at $.05 per warrant at the option of the Company if certain quoted market prices are achieved by the common stock.

Options:

The underwriters of the Company's initial public offering were granted options to acquire between May 1990 and May 1993 up to 100,000 units for $7.80 per unit. Such units are substantially identical to the units offered to the public (except that the Class A and Class B warrants included therein are not subject to redemption by the Company).

Stock option plan:

During 1987 the Company adopted a stock option plan (the "Plan") for the benefit of certain key employees, officers, directors and consultants of the Company. Under the Plan 808,675 shares of the Company's common stock are reserved for issuance. Options granted under the Plan are generally exercisable for a period of five years from the date of grant at an exercise price which is not less than the fair market value of the common stock on the date of the grant. Options granted under the Plan generally vest over a three-year period from the date of the grant.

Stock option activity to March 31, 1992 from January 1, 1990 is as follows:

	Outstanding Options		
	Number	Price	Amount
Balance at December 31, 1989	439,642		194,999
Granted	80,000	22	17,600
Balance at December 31, 1990	519,642		212,599
Cancelled	(209,538)	36	(75,892)
Exercised	(10,105)	15	(1,516)
Balance at December 31, 1991	299,999		$ 135,191
Cancelled	(10,105)	1546	(1,562)
Exercised	(60,630)	1546	(9,373)
	$ 229,264		$ 124,256

No amounts have been charged to expense relating to the Plan. At March 31, 1992 all options were exercisable and 503,285 shares were available for future grants under the plan.

6. **Escrow shares and options**

In May 1988 certain stockholders, concurrent with an initial public offering of the Company's common stock, agreed to place in escrow a total of 5,004,390 shares of common stock (of the 7,278,075 shares then outstanding) and 278,022 stock options (of the 428,337 options then outstanding) in proportion to each of their ownership percentages. These shares and options were held in escrow until the publicly traded market price of the Company's units or shares of common stock and warrants reach specified levels during specified periods.

These targets were not reached by May 2, 1991. Therefore, the escrow shares were surrendered by the stockholders and retired by the Company and the options cancelled.

7. **Company cash position**

The Company cash position for the beginning of the period consists of:

Balance at December 31, 1991, per audited financial statements	$ 118,691
Meditech balance on acquisition January 1, 1992	56,573
	$ 175,264

8. **Officers and Directors**

At the annual meeting of stockholders, August 23, 1991, the following directors were elected, Dr. Michael D. Bick, Dr. Andrew L. Cerskus, Dr. Mats Rånby and Mr. James D. Johnson.

Subsequently, at the directors meeting, the following officers were elected: Dr. Michael D. Bick, Chief Executive Officer, Dr. Andrew L. Cerskus, President and Chief Operating Officer, Dr. Mats Rånby, Chairman of the Board of Directors and Mr. David G. Clancy, Vice President Finance and Treasurer.

9. **Contingent liability**

In late 1991, a consultant brought suit against the Company for alleged breaches of his contract. The Company has answered the complaint, denying the consultant's allegations, raising affirmative defenses and asserting a counterclaim.

The Company presently believes that the resolution of this matter will not have a material adverse effect on its financial condition as reported in the accompanying financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1991

Liquidity and Capital Resources

At March 31, 1992, the Company had cash of approximately $144,000, which primarily represents the remaining net proceeds from the sale of CytRx stock during 1991 and the cash balance obtained on the acquisition of Meditech.

At March 31, 1992, the Company had available unused lines of credit of approximately $280,000 available for its use.

As the Company grows, investments will be needed in new and existing areas of technology. This may require additions to equipment as well as costs related to marketing, product support and administrative staff. It is unlikely cash generated from operations in the near future will be sufficient to fund these potential investment opportunities. Should the Company address these investment opportunities, additional financing may be required.

Management believes existing cash, access to available lines of credit, together with funds generated from operations should be sufficient to meet the Company's operating requirements for the following twelve month period.

Results of Operations

Sales were approximately $ 475,000 greater in the three month period ended March 31, 1992 than the corresponding period in 1991. Approximately $ 410,000 of this increase was generated by sales of Meditech products acquired January 1, 1992. Although the Company's sales are not seasonal, they can fluctuate significantly depending on the size of orders received from its three major distributors. These distributors accounted for approximately 32% of the Company's sales for the period.

Cost of sales as a percentage of sales has remained consistant relative to the corresponding period in 1991 at approximately 44% of sales.

Research and development expenses have decreased during the three month period ending March 31, 1992 relative to the corresponding period in 1991 by $15,000 due to a reallocation of personnel costs. The Company continues to invest in research in development aimed primarily at improvements to the existing product lines.

Administrative salaries have increased by approximately $56,000 during the three month period ending March 31, 1992 as compared with the comparable period in 1991. This increase is due primarily as a result of Meditech operations and a one time cost of $25,000 charged to the period for compensation to the Company's Chief Executive Officer for services provided during the period August 1991 to late February 1992.

Consulting fees have been reduced from the previous year's quarter figures as a result of the Company not utilizing in 1992 the consulting services of Decision Associates, owned by Dr. Pollard, former Chairman of the Board.

Other general and administrative expenses have increased almost entirely due to the acquisition of Meditech, January 1, 1992.

Interest income has decreased as funds remaining from the net proceeds from the initial public offering were utilized in funding operations.

Interest on long-term debt has decreased due to interest rate and principal balance reductions.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 12, 1992

BIOPOOL INTERNATIONAL, INC.

(Registrant)

Dr. Andrew L. Cerskus
President and Chief Operating Officer

David G. Clancy
Vice President Finance
(Principal Financial and
Accounting Officer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter ended March 31, 1992 Commission File No. 0-18606

DISCOVERY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Kansas	36-3526027
State or other jurisdiction of incorporation or organization	IRS Employer Identification Number
2405 Trade Center Drive, Suite H, Longmont, CO	80503
Address of principal executive office	Zip Code

Registrant's telephone number, include area code: (303) 651-6500

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ___X___ No ________

Number of registrant's common shares outstanding at March 31, 1992: 15,930,450

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PART 1. FINANCIAL INFORMATION
DISCOVERY TECHNOLOGIES, INC.
BALANCE SHEET
MARCH 31, 1992 AND JUNE 30, 1991

	March 31, 1992 Unaudited	June 30, 1991 Audited
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 113,828	$ 283,455
Investments	-0-	94,995
Accounts Receivable - Net of Allowance for Doubtful Accounts of $91,120 and $110,000	186,460	20,543
Inventory	481,672	873,948
Other Current Assets	7,828	7,605
Total Current Assets	789,788	1,280,546
Property & Equipment - Net	131,454	170,673
Intangible Assets:		
Technology, net of accumulated amortization of 120,246 and 89,326	374,487	405,407
Applications, net of accumulated amortization of 67,705 and 50,294	94,795	112,206
Total Assets	$ 1,390,524	$ 1,968,832
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 143,595	$ 255,512
Accrued Expenses	61,289	49,708
Due to Affiliate	6,120	6,120
Total Current Liabilities	211,004	311,340
Note payable - Affiliate	428,324	-0-
Total Liabilities	639,328	311,340
Commitments and Contingencies	-0-	-0-
Shareholders' Equity:		
Preferred stock ($.01 par value, 1,000,000 shares authorized, no shares issued and outstanding)	-0-	-0-
Common stock ($.01 par value, 40,000,000 shares authorized, 15,930,450 and 15,950,000 shares issued and outstanding)	6,247,402	6,247,402
Additional paid-in capital - warrants	50,000	-0-
Accumulated Deficit	(5,367,882)	(4,589,910)
	929,520	1,657,492
Less subscriptions receivable	(175,000)	-0-
Less 19,550 shares of common stock in treasury at cost at March 31, 1992	(3,324)	-0-
Total Shareholders' Equity	751,196	1,657,492
Total Liabilities and Shareholders' Equity	1,390,524	1,968,832

DISCOVERY TECHNOLOGIES, INC.
STATEMENT OF OPERATIONS
(UNAUDITED)

For the Three And Nine Months Ended
March 31, 1992 and 1991

	Third Quarter Three Months		Year to Date Nine Months	
	1992	1991	1992	1991
Sales	151,258	261,629	748,505	652,204
Cost of Sales	120,826	195,348	620,055	514,759
Gross Profit	30,432	66,281	128,450	137,445
Operating Expenses:				
Selling Expense	77,989	286,171	266,362	388,734
General & Administrative	71,188	298,906	197,477	1,462,758
Research & Development	69,151	259,380	224,470	362,057
Total Expenses	218,328	844,457	688,309	2,213,549
Operating Loss	(187,896)	(778,176)	(559,859)	(2,076,104)
Interest Expense	-0-	(126)	(89)	(1,151)
Interest Income	336	14,597	8,121	106,369
Other Income (Loss)	-0-	-0-	(1,144)	-0-
Net Loss	(187,560)	(763,705)	(552,971)	(1,970,886)
Weighted average Number of Common Shares Outstanding	14,378,251*	15,950,000*	14,018,946*	15,950,000*
Net Gain (Loss) Per Share	(.01)	(.05)	(.04)	(.12)

* Calculated without common stock equivalents as their effect would be anti-dilutive.

DISCOVERY TECHNOLOGIES, INC.
STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 1992 AND 1991

	Third Quarter Three Months		Year to Date Nine Months	
	1992	1991	1992	1991
Cash flows from operating activities:				
Net Loss	(187,560)	(763,705)	(552,971)	(1,970,886)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	28,741	45,509	86,291	166,688
Loss on sale of equipment	-0-	-0-	1,258	-0-
Decrease (increase) in assets:				
Accounts receivable	4,161	73,606	(165,917)	96,514
Inventory	81,859	40,981	392,276	(157,263)
Other Current Assets	(967)	46,298	(223)	22,129
Increase (decrease) in liabilities:				
Accounts payable	11,204	73,526	(111,917)	(197,285)
Accrued expenses	(6,936)	30,054	11,581	44,647
Net cash used in operations	(69,498)	(453,731)	(339,622)	(1,995,456)
Cash flows from investing activities:				
Purchase of property & equipment	-0-	70,786	-0-	2,420
Decrease in investments	-0-	104,817	94,995	1,078,589
Net cash provided by investing activities	-0-	175,603	94,995	1,081,009
Cash flows from financing activities:				
Payment of long-term debt	-0-	-0-	-0-	(7,920)
Payments of obligations under capital leases	-0-	(59,463)	-0-	(69,465)
Advances from affiliate	-0-	6,223	-0-	6,223
Repayment of Advance from affiliate	-0-	(11,106)	-0-	-0-
Stock subscriptions received	75,000	-0-	75,000	-0-
Net cash provided by (used in) financing activities	75,000	(64,346)	75,000	(71,162)
Increase (decrease) in cash & cash equivalents	5,502	(342,474)	(169,627)	(985,609)
Cash & cash equivalents - beginning of period	108,326	619,331	283,455	1,262,466
Cash & cash equivalents - end of period	113,828	276,857	113,828	276,857
Supplemental disclosures of cash flow information:				
Cash paid during the period for interest	-0-	-0-	82	692

Supplemental schedule of non-cash investing and financing activities:

The Company purchased 2,519,550 shares of its stock from an affiliate by issuing a note payable of $428,324 in July, 1991.

During the quarter ended March 31, 1992, the Company sold 1,250,000 units of its securities for stock subscriptions of $250,000 (Note 5).

DISCOVERY TECHNOLOGIES, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

MARCH 31, 1992
(UNAUDITED)

(1) The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended June 30, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended June 30, 1991.

(2) The accounting policies followed by the Company are set forth in Note 1 of the Company's financial statements in the Company's Form 10-K report for the year ended June 30, 1991.

(3) Loss per share for each of the reported periods is determined by dividing the net loss for such period by the weighted average number of common shares outstanding.

(4) During the quarter ended September 30, 1991, the Company purchased 2,519,550 shares of its common stock from an affiliate by issuing a note payable for $428,324.

(5) During the quarter ended March 31, 1992, the Company sold 1,250,000 units of its securities for stock subscriptions of $250,000 ($75,000 of which had been closed at March 31, 1992). Each unit consisted of two shares of the Company's common stock and a warrant expiring on February 1, 1994, to acquire one additional share of common stock at $.10 per share.

(6) Inventory consisted of the following at:

	March 31, 1992	June 30, 1991
Raw Materials	215,582	$361,546
Work in Process	53,798	296,787
Finished Goods	212,292	215,615
	$481,672	$873,948

DISCOVERY TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company recorded a net loss of $187,560 or ($.01) per share on revenues of $151,258 for the quarter ended March 31, 1992, as compared to a net loss of $763,705 or ($.05) per share on revenues of $261,629 for the quarter ended March 31, 1991. For the nine months ended March 31, 1992, the Company recorded a net loss of $552,971 or ($.04) per share on revenues of $748,505, as compared to a net loss of $1,970,886 or ($.12) per share on revenues of $652,204 for the nine months ended March 31, 1991.

Sales for the quarter ended March 31, 1992 were lower than anticipated due to delays in customer purchase decisions and the loss of a planned order to a lower priced competitive product. Although sales for the nine-month period ended March 31, 1992 were greater than the same nine month period of 1991, the Company's marketing and sales efforts continue to be limited by the lack of capital resources required to support significant marketing and sales activities.

Gross margins for the 1992 periods are slightly lower than for the 1991 periods as the Company has offered special introductory pricing for its second generation products in order to compete more favorably with lower priced competitive products. While the Company believes its products are favorably priced when compared on the basis of features and quality of images transmitted, the markets for its products are very price sensitive.

Operating expenses for the quarter and the nine months ended March 31, 1992 compared to the same periods in 1991 decreased substantially as a result of actions to reduce payroll and other operating expenses taken in the fourth quarter of 1991 and the first quarter of 1992. The Company's strategy of selling it's products primarily through dealers and sales representatives, on a commission only basis, has substantially reduced selling expenses as compared to expenses associated with a direct sales force in the same periods in 1991. The Company intends to hold operating expenses at relatively low levels until it's revenues increase significantly or it is able to obtain sufficient additional capital to support an expanded marketing and sales effort.

Interest income has decreased substantially as the Company has used its cash and cash equivalent assets to fund its operating losses.

Liquidity and Capital Resources

At March 31, 1992, the Company had working capital of $578,784. While the Company believes that it has sufficient working capital to fund it's current level of operations for the balance of fiscal 1992, and for the first months of fiscal 1993, the Company will be required to obtain additional working capital if it is to fully implement its business plan and sustain operations in fiscal 1993. While the Company is pursuing various possibilities, including additional sales of its securities, there can be no assurance that such funds will be available or, if available, available on terms acceptable to the Company.

On April 7, 1992, the Company entered into an Asset Purchase Agreement with Globesat Holding Corporation ("Globesat") pursuant to which Globesat would acquire substantially all of the Company's assets. While the Company understands that Globesat's current operations are generating cash in excess of that needed to fund its operations at present levels, the Company believes that Globesat also would be required to obtain additional capital following the acquisition of the Company's assets for it to be able to fully implement the Company's business plan. While the Company and representatives of Globesat are exploring various funding possibilities, there can be no assurance that such funds will be available, or if available, available on terms acceptable to the combined companies following the acquisition.

The Company has no material commitments for capital expenditures during the remainder of fiscal 1992 or for fiscal 1993.

PART II. OTHER INFORMATION

Items 1-4. Not Applicable

Item 5. Other Information

On April 7, 1992, the Company and Globesat Holding Corporation ("Globesat") entered into an Asset Purchase Agreement pursuant to which Globesat is to acquire substantially all of the Company's assets. The Company anticipates that upon consummation of the transaction, assuming that it is approved by the Company's stockholders, that stockholders of the Company will receive approximately 3/4 of a share of Globesat common stock for each share of the Company's common stock. For additional information regarding this proposed transaction, reference is made to the Company's current report, on Form 8-K, dated April 7, 1992 filed with the Commission.

As of the date of this report, the Company has received subscriptions for 1,250,000 units of the Company's securities, 375,000 units of which had been purchased at March 31, 1992, 375,000 of which are to be purchased prior to completion of the Globesat transaction described above, and 500,000 of which are to be purchased upon completion of such transaction. The purchase price is $.20 per unit. Each unit consists of two shares of the Company's common stock and a warrant expiring on February 1, 1994 representing the right to acquire an additional share of such stock at $.10 per share.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits -- None.

The Company was not required to file any reports on Form 8 - K during the quarter ended March 31, 1992. The Company did file a report on Form 8-K, Item 5 - Other Information, dated April 7, 1992 to report the signing of the Asset Purchase Agreement described above.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf of the undersigned thereunto duly authorized.

Date:

DISCOVERY TECHNOLOGIES, INC
By ____________________
Thomas S. Plunkett
Chief Operating Officer
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED MARCH 31, 1992 OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____ TO ____

Commission File No. 1-935

MOUNTAIN FUEL SUPPLY COMPANY
(Exact name of registrant as specified in its charter)

STATE OF UTAH	87-0155877
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 11368, 180 East First South, Salt Lake City, Utah	84147
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 534-5555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of April 29, 1992
Common Stock, $2.50 par value	9,189,626 shares

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MOUNTAIN FUEL SUPPLY COMPANY
STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended March 31,		12 Months Ended March 31,	
	1992	1991	1992	1991
	(In Thousands)			
REVENUES	$167,634	$184,777	$399,616	$394,241
OPERATING EXPENSES				
Natural gas purchases	105,374	119,461	239,024	239,354
Operating and maintenance	21,610	22,243	80,191	78,760
Depreciation	5,205	4,913	19,523	16,856
Other taxes	3,288	3,059	8,935	8,497
TOTAL OPERATING EXPENSES	135,477	149,676	347,673	343,467
OPERATING INCOME	32,157	35,101	51,943	50,774
INTEREST AND OTHER INCOME	282	412	1,495	4,078
DEBT EXPENSE	(3,944)	(3,778)	(15,329)	(15,076)
INCOME BEFORE INCOME TAXES	28,495	31,735	38,109	39,776
INCOME TAXES	11,441	12,655	15,061	14,309
NET INCOME	$17,054	$19,080	$23,048	$25,467

MOUNTAIN FUEL SUPPLY COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 1992	March 31, 1991	December 31, 1991
	(In Thousands)		
ASSETS			
Current assets			
Cash and short-term investments	$8,365	$6,495	$5,124
Notes receivable from parent company	20,500	15,500	
Accounts receivable	50,631	66,430	46,338
Other current assets	10,040	7,955	9,238
Total current assets	89,536	96,380	60,700
Property, plant and equipment	620,685	585,970	615,989
Less allowances for depreciation	234,687	217,500	229,262
Net property, plant and equipment	385,998	368,470	386,727
Other assets	4,138	4,906	4,712
	$479,672	$469,756	$452,139
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Notes payable to parent company			$13,000
Accounts payable and accrued expenses	$68,143	$74,179	58,475
Purchased-gas adjustments	32,149	17,492	3,355
Total current liabilities	100,292	91,671	74,830
Long-term debt	148,974	148,893	148,953
Deferred credits	362	344	382
Deferred income taxes and investment tax credits	36,511	37,534	46,788
Redeemable cumulative preferred stock	9,955	11,155	9,955
Common shareholder's equity			
Common stock	22,974	22,974	22,974
Additional paid-in capital	21,875	21,875	21,875
Retained earnings	138,729	135,310	126,382
Total common shareholder's equity	183,578	180,159	171,231
	$479,672	$469,756	$452,139

MOUNTAIN FUEL SUPPLY COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months Ended March 31, 1992	3 Months Ended March 31, 1991
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	$17,054	$19,080
Depreciation	5,674	5,411
Deferred income taxes and investment tax credits	(10,277)	(10,822)
	12,451	13,669
Change in operating assets and liabilities	33,942	20,549
NET CASH PROVIDED FROM OPERATING ACTIVITIES	46,393	34,218
INVESTING ACTIVITIES		
Capital expenditures	(4,850)	(3,678)
Proceeds (uses) from disposition of property, plant and equipment	(95)	476
CASH USED IN INVESTING ACTIVITIES	(4,945)	(3,202)
FINANCING ACTIVITIES		
Increase in notes receivable from affiliates	(20,500)	(15,500)
Decrease in notes payable to parent company	(13,000)	(9,000)
Dividends paid	(4,707)	(4,982)
CASH USED IN FINANCING ACTIVITIES	(38,207)	(29,482)
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	$3,241	$1,534

MOUNTAIN FUEL SUPPLY COMPANY
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

March 31, 1992

NOTE A – Basis of Presentation

The interim financial statements furnished reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Due to the seasonal nature of the business, the results of operations for the three-month period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information refer to the financial statements and footnotes thereto included in the company's annual report on Form 10-K for the year ended December 31, 1991.

NOTE B – Financing

In April 1992, Mountain Fuel filed a registration statement with the Securities and Exchange Commission for the issuance of up to $75 million in medium-term notes. The proceeds from these notes will be used for the redemption of up to $50 million of existing long-term debt, capital expenditures and other corporate purposes.

MOUNTAIN FUEL SUPPLY COMPANY
MANAGEMENT'S ANALYSIS
March 31, 1992

Operating Results --

Following is a summary of operating information for the Company:

	3 Months Ended March 31,		12 Months Ended March 31,	
	1992	1991	1992	1991
Natural gas volumes (in thousands of decatherms)				
Residential and commercial sales	31,874	35,254	72,944	71,304
Industrial sales	1,636	2,488	6,411	8,204
Transportation for industrial customers	14,941	11,263	49,655	38,083
Total deliveries	48,451	49,005	129,010	117,591
Natural gas revenue (per decatherm)				
Residential and commercial	$4.87	$4.80	$4.86	$4.79
Industrial sales	4.36	3.79	3.62	3.39
Transportation for industrial customers	0.12	0.11	0.12	0.19
Heating degree days				
Actual	2,753	3,162	5,675	5,661
Normal	2,963	2,963	5,803	5,803
Number of customers at end of period	516,823	504,550		

Natural gas volumes sold to residential and commercial customers were 10% lower in the first quarter of 1992 compared with the same quarter of 1991. Temperatures, as measured in degree days, were 7% warmer than normal and 13% warmer than the prior year period. A 2.4% increase in customers partially offset the impact of warmer temperatures. Natural gas volumes sold to residential and commercial customers increased 2% in the 12 months ended March 31, 1992, compared with the same period of 1991, as a result of the increase in customers.

Deliveries to industrial customers increased 21% in both the first quarter of 1992 and the 12 months ended March 31, 1992, compared with the corresponding 1991 periods. Most of these increases were for mining and electric generation customers.

Operating and maintenance expenses decreased 3% in the first quarter of 1992 compared with the first quarter of 1991 due to a reduction in employees that resulted from a 1991 reorganization and early retirement program, and the capitalization of labor costs in construction projects. These expenses were 2% higher in the twelve months ended March 31, 1992, compared with the same period of 1991 due to increased customers and an expanded service territory.

Depreciation expense and other taxes were higher in the 1992 periods as a result of additions to property, plant and equipment. Debt expense was higher in the 1992 periods because of interest paid on the purchased-gas adjustment account.

The effective income tax rate was 40.2% in the three months ended March 31, 1992 compared with 39.9% in the same period of 1991.

The FERC issued Order No. 636 on the restructuring of the service obligations of interstate natural gas pipelines in April 1992. The Order requires, among other things, that all pipelines cease the sale of natural gas on a "bundled" basis (a single service that includes the sale of natural gas as a commodity, transportation services, and storage services). Instead, pipelines must now offer these services separately. The Order also requires pipelines to offer a new "no-notice" transportation service that provides the same reliability of service as the traditional sales-for-resale service. In addition, the Order encourages pipelines to transfer gas supply contracts to sales-for-resale customers and permits pipelines to collect all prudently-incurred transitional costs from its customers. Questar Pipeline is required to file a tariff with the FERC by October 1, 1992 that reflects operations under the new rules. Implementation of the new rules is required in advance of the 1993-1994 heating season.

Mountain Fuel's gas acquisition practices have been under review by the Public Service Commissions of Utah (PSCU) and Wyoming (PSCW). These reviews, as well as FERC Order No. 636, may result in the transfer of Questar Pipeline's merchant function and the associated gas-purchase contracts to Mountain Fuel.

The PSCU will hold hearings May 11-15, 1992, to consider claims filed by the Utah Committee of Consumer Services that Mountain Fuel should have purchased gas supplies on the spot market, rather than from Questar Pipeline, and that Mountain Fuel should be required to refund $61 million for 1991 and $33 million for the first half of 1992. Mountain Fuel contended, in testimony filed with the PSCU, that its gas-purchase practices are prudent, result in lower costs than the alternatives proposed by the agency and are in the best interests of its customers. Other parties in the proceedings, including the Division of Public Utilities and several industrial customers, have filed testimony supporting Mountain Fuel's position.

Liquidity and Capital Resources --

Net cash provided from operating activities was $46,393,000 for the first quarter of 1992 compared with $34,218,000 for the first quarter of 1991. The increase was due to changes in working capital, primarily the purchased-gas adjustment account.

Capital expenditures were $4,850,000 in the first quarter of 1992 compared with $3,678,000 in the first quarter of 1991. Capital expenditures for the calendar year 1992 are estimated at $47,000,000. These capital expenditures will be financed with funds from operations, a planned issuance of medium-term notes and borrowings from banks or the parent company.

In April 1992, Mountain Fuel filed a registration statement with the Securities and Exchange Commission for up to $75 million of medium-term notes. Mountain Fuel plans to use the proceeds from this issue for the redemption of up to $50 million of existing long-term debt, capital expenditures and other corporate purposes.

The company had short-term line-of-credit arrangements with banks totaling $5,400,000 at March 31, 1992. There were no borrowings under these lines at March 31, 1992.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

1. Mountain Fuel Supply Company (Mountain Fuel or the Company) will be involved in public hearings before the Public Service Commission of Utah (PSCU) on May 11-15, 1992. The hearings, which were originally scheduled to begin April 27, 1992, will consider claims filed by the Utah Committee of Consumer Services, a state agency, that Mountain Fuel should have purchased gas supplies on the "spot market," rather than from an affiliated pipeline supplier, and that the Company should be required to refund approximately $61 million for 1991 and $33 million for the first half of 1992.

In testimony filed with the PSCU on March 27, 1992, Mountain Fuel contended that its gas supply practices are prudent, result in lower costs than the alternatives proposed by the agency, and are in the best interests of its customers. Other parties in the proceedings, including the Division of Public Utilities (another state agency) and several industrial transportation customers, have filed testimony supporting Mountain Fuel's position.

2. On April 8, 1982, the Federal Energy Regulatory Commission (the FERC) issued Order No. 636 in the rulemaking proceedings commonly referred to as the "mega-NOPR." The Company will be affected by the new rules even though it is not subject to the jurisdiction of the FERC. The Order essentially eliminates traditional sale-for-resale services by interstate pipelines, encourages pipelines to transfer gas supply contracts to their sale-for-resale customers, and permits pipelines to collect prudently-incurred transitional costs from such customers. Mountain Fuel, as a result of the new rules, expects to purchase gas supplies directly, rather than rely on its affiliated pipeline supplier. The various provisions in Order No. 636 are to be implemented no later than the 1993-94 heating season.

Item 6. Exhibits and Reports on Form 8-K.

(a) The following exhibit is included with this report.

Exhibit No. 12.	Ratio of Earnings to Fixed Charges.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOUNTAIN FUEL SUPPLY COMPANY
(Registrant)

April 29, 1992

D. N. Rose
President and Chief
Executive Officer

April 29, 1992

Edwards

W. F. Edwards
Vice President and Chief
Financial Officer

EXHIBIT INDEX

Page Number	Exhibit Number	Exhibit
11	12.	Ratio of Earnings to Fixed Charges.

Exhibit 12

MOUNTAIN FUEL SUPPLY COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

	12 Months Ended March 31,	
	1991	1992
EARNINGS		
Income before income taxes	$39,776	$38,109
Plus debt expense	15,076	15,329
Plus allowance for borrowed funds used during construction	115	191
Plus 50% of rental expense	81	97
	$55,048	$53,726
FIXED CHARGES		
Debt expense	$15,076	$15,329
Plus allowance for borrowed funds used during construction	115	191
Plus 50% of rental expense	81	97
	$15,272	$15,617
RATIO OF EARNINGS TO FIXED CHARGES	3.60	3.44

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended May 18, 1992

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

for the transition period from ____________ *to* ____________

Commission file number 0-10316

CARL KARCHER ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

CALIFORNIA — 95-2415578
(State or other jurisdiction of incorporation or organization) — *(I.R.S. Employer Identification No.)*

1200 North Harbor Boulevard, Anaheim, CA — 92801
(Address of principal executive offices) — *(zip Code)*

Registrant's telephone number, including area code (714) 774-5796

NOT APPLICABLE
Former name, former address and former fiscal year, if changed since last report.

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X *No* ___

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shared outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 18,006,310 as of July 1, 1992

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CARL KARCHER ENTERPRISES, INC.

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CARL KARCHER ENTERPRISES, INC.
BALANCE SHEETS
(Dollars in Thousands)

ITEM 1. FINANCIAL STATEMENTS

	May 18, 1992 (Unaudited)	January 27, 1992
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,841	$ 10,924
Marketable securities	32,520	25,764
Accounts receivable	12,854	10,042
Current portion of related party notes receivable	396	392
Inventories	8,680	7,241
Restaurant property costs to be reimbursed or sold and leased back	14,186	14,944
Other current assets	14,128	14,460
Total current assets	89,605	83,767
Property and equipment, net	129,430	138,338
Property under capital leases, net	36,277	36,678
Long-term investments	10,764	10,503
Notes receivable	18,559	13,930
Related party notes receivable	4,952	4,988
Other assets	4,201	4,347
	$293,788	$292,551
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 26,837	$ 29,759
Obligations secured by marketable securities and long-term investments	14,019	8,619
Current portion of capital lease obligations	3,012	2,959
Accounts payable	18,765	16,280
Salaries, wages and other accrued liabilities	30,588	33,082
Restructuring reserve	1,139	1,552
Total current liabilities	94,360	92,251
Long-term debt	46,668	50,485
Capital lease obligations	51,244	51,589
Other long-term liabilities	8,381	8,547
Shareholders' equity:		
Preferred stock, no par value; authorized 2,000,000 shares; none issued or outstanding		
Common stock, no par value; authorized 22,500,000 shares; issued and outstanding 18,005,746 and 17,918,314 shares	27,378	26,788
Retained earnings	65,757	62,891
Total shareholders' equity	93,135	89,679
	$293,788	$292,551

CARL KARCHER ENTERPRISES, INC.
STATEMENTS OF INCOME
(In Thousands Except per share Amounts)
(Unaudited)

	Sixteen Weeks Ended	
	May 18, 1992	May 20, 1991
Revenues:		
Restaurant sales	$134,930	$145,489
Food service sales	21,247	17,649
Franchise revenues	2,063	1,318
International	171	169
Other	484	414
	158,895	165,039
Costs and expenses:		
Cost of sales:		
Restaurants	119,813	127,860
Food service	20,169	16,589
General and administrative	14,693	14,320
Interest expense	4,563	5,482
	159,238	164,251
Other income, net	5,123	3,139
Income before income taxes	4,780	3,927
Income tax expense	1,554	1,245
Net income	$ 3,226	$ 2,682
Earnings per share:		
Primary	$.18	$.15
Fully diluted	$.18	$.15
Weighted average shares outstanding:		
Primary	18,327	18,162
Fully diluted	18,327	18,184

CARL KARCHER ENTERPRISES, INC.

STATEMENTS OF CASH FLOWS

(In Thousands)
(Unaudited)

	Sixteen Weeks Ended	
	May 18, 1992	May 20, 1991
Net cash flow from operating activities:		
Net income	$ 3,226	$ 2,682
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash franchise revenues	(540)	(124)
Depreciation and amortization	8,020	8,298
(Gain)loss on sale of property and equipment	(844)	50
Write-down of marketable securities	118	
Net noncash investment income	(4)	(132)
Net change in marketable securities reserve	80	29
Net change in receivables, inventories and other current assets	(3,678)	(37)
Net change in other assets	54	(16)
Net change in accounts payable and accrued expenses	(1,274)	(4,478)
Net cash provided by operating activities	5,158	6,272
Cash flow from investing activities:		
Construction of restaurant property to be reimbursed or sold and leased back	(5,183)	(4,594)
Sale of or reimbursement on restaurant property to be sold and leased back	4,641	828
Purchases of:		
Marketable securities	(13,132)	(9,578)
Property and equipment	(2,443)	(7,028)
Long-term investments	(1,654)	(2,168)
Proceeds from sale of:		
Marketable securities	10,877	16,030
Property and equipment	1,255	810
Long-term investments	1,366	1,072
Collections on leases receivable	92	61
Collections on notes receivable and related party notes receivable	1,364	2,325
Net cash used in investing activities	(2,817)	(2,242)
Cash flow from financing activities:		
Net change in bank overdraft	810	(164)
Net change in obligations secured by marketable securities and long-term investments	770	(528)
Increase in short-term borrowings	32,600	34,400
Payments on short-term borrowings	(35,600)	(29,200)
Increase in long-term debt		220
Payments on long-term debt	(3,739)	(3,154)
Payments on capital lease obligations	(758)	(671)
Net change in other long-term liabilities	(737)	(639)
Repurchase and retirement of common stock		(1,461)
Exercise of stock options	590	335
Payment of dividends	(360)	(357)
Net cash used in financing activities	(6,424)	(1,219)
Net increase (decrease) in cash and cash equivalents	$ (4,083)	$ 2,611

CARL KARCHER ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Sixteen Weeks Ending	
	May 18, 1992	May 20, 1991
Supplemental disclosures of cash flow information:		
Cash paid during period for:		
Interest (net of amount capitalized)	$ 4,673	$ 6,050
Income taxes	1,657	2,257
Noncash investing and financing activities:		
Investing activities:		
Transfers of marketable securities to long-term investments		4,567
Transfers of long-term investments to marketable securities	22	1,998
Other investing activities:		
Net change in marketable securities from noncash transactions	(4,677)	(2,242)
Net change in long-term investments from noncash transactions	5	2,110
Net change in dividends receivable	38	
Net change in obligations secured by marketable securities and long-term investments	4,630	
Leasing activities:		
Capital lease additions	1,047	505
Other leasing activities:		
Decrease in property under capital leases	398	
Decrease in capital lease obligations	(581)	
Franchising activities:		
Sale of property and equipment	3,970	590
Sale of inventory	100	13
Assumption of various liabilities	702	36
Increase in notes receivable	(5,129)	(763)
Sale and leaseback transactions resulting in an increase to notes receivable	1,300	

CARL KARCHER ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 18, 1992 AND MAY 20, 1991

NOTE (A) BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the requirements of Form 10-Q and, therefore, do not include all information and footnotes which would be presented were such financial statements prepared in accordance with generally accepted accounting principles. These statements should be read in conjunction with the audited financial statements presented in the Company's 1992 Annual Report to Shareholders. In the opinion of management, the accompanying financial statements reflect all adjustments which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for such interim periods are not necessarily indicative of results to be expected for the full year.

NOTE (B) INCOME TAXES

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes". The Company is required to adopt this new standard, which supercedes Statement of Financial Accounting Standards No. 96 issued in 1987, by fiscal 1994. Adoption is permitted on either a prospective or retroactive basis. The Company has not yet completed all of the analysis required to estimate the impact of SFAS 109, nor has it determined how this adoption will be reflected.

NOTE (C) RECLASSIFICATIONS

Certain prior year amounts in the accompanying financial statements have been reclassified to conform to the fiscal 1993 presentation.

CARL KARCHER ENTERPRISES, INC.
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Overview

The Company's franchising base continued its growth during the first quarter of fiscal 1993. A total of 31 new franchised restaurants were added to the Carl's Jr. system during the 16-week period ended May 18, 1992, 27 of which were previously Company-operated. As such, the total number of franchised restaurants as of the end of the first quarter rose to 227, and the percentage these restaurants represent as a total of all Carl's Jr. restaurants rose to 36%.

Proceeds from the sales of Company-operated restaurants to franchisees generally include a 15% to 25% cash down payment and an interest-bearing promissory note secured by the property and equipment sold. A total of $5.1 million of new notes were accepted during the first quarter of this year in connection with these sales. As of May 18, 1992, the total of all such notes due from franchisees was $24.8 million.

Liquidity and Capital Resources

The Company's primary source of cash is its retail restaurant sales. Available for use in the Company's cash management program at May 18, 1992 were cash, cash equivalents and marketable securities totaling $25.3 million, net of obligations secured by marketable securities and long-term investments.

Included in current liabilities are borrowings totaling $16 million drawn against the Company's $25 million revolving credit line. The line is due to mature on August 31, 1992. The Company plans to renegotiate this line and expects to extend the maturity date another one to two years as a result. The Company believes it has sufficient alternative sources of capital in the event this line is not renewed.

The Company's reduced expansion program in these challenging economic times has lessened the need for capital. Nine new Company-operated restaurants are scheduled to open in the current year, as compared with 19 new restaurants which opened in the prior fiscal year. The Company believes that cash generated from operations will continue to be the primary funding source for its expansion. Sale and leaseback financing will also be used as appropriate.

During the current quarter no shares of the Company's common stock were repurchased pursuant to the $5 million stock repurchase program authorized by the Board of Directors in February 1991.

RESULTS OF OPERATIONS

For the 16 weeks ended May 18, 1992, restaurant sales decreased 7% to $134.9 million from $145.5 million a year ago. This was due to a decrease in the weighted average number of restaurants operating in the current quarter as a result of the Company's on-going franchising effort, and negative real growth of approximately 4% .

The 20% increase in food service revenues was mainly attributable to an increase in the sales of food and supplies to franchisees. More franchisees were purchasing these items from the Company in the first quarter of this year as compared with the first quarter of last year due to the growth in the number of franchisees operating system-wide since the year ago quarter.

(Continued)

Sales to other outside parties also contributed to the increase in food service revenues, increasing $824,000, or 20%, to $5 million for the 16-week period ended May 18, 1992. These revenues are expected to decline somewhat in future periods in conjunction with the Company's plans to phase out all such non-meat sales. Overall, this decision should enhance the Company's profitability, however, as these non-meat outside sales have been producing lower gross margins than desired. Additionally, this move will permit more productive use of the Company's existing facilities and refocus the Company's resources on its core restaurant business.

Franchise revenues rose primarily due to the addition of 25 more franchised restaurants in the first quarter of this year as compared with last year, which resulted in more initial franchise fees earned in this quarter as compared with a year ago. Royalties were also higher in the current year due to the increase in the number of franchisees since the first quarter of the fiscal 1992.

International revenues consist of initial licensing fees and royalties. Initial licensing fees declined in the current 16-week period, but were offset by an increase in royalties, resulting in comparable total international revenues in both years. Other revenues for both periods were also comparable.

Company-operated restaurant margins in the first quarter of this year declined somewhat as compared with the prior year despite a reduction in food and paper costs in the current year. Offsetting these savings were increases in labor and benefit costs. These margins were also impacted by the lower fiscal 1993 sales, which resulted in certain facility costs increasing as a percentage of sales.

Food service margins for both 16-week periods were comparable despite an increase in food service revenues. Prices charged to the franchisees were lower in the current year as compared with a year ago so as to remain competitive in this increasingly important market.

General and administrative expenses were slightly higher in the current year as compared with the year ago quarter primarily due to higher franchise support costs and real estate administration costs associated with the leasing or subleasing of a number of restaurants to franchisees.

Lower average debt levels outstanding throughout the current 16-week period as compared to the comparable prior year period resulted in decreased interest expense on the Company's revolving credit line, notes payable and capital lease obligations. Lower interest rates associated with both the revolving line of credit and the obligations secured by marketable securities and long-term investments also contributed to the decrease in interest expense.

Other income, net, is mainly comprised of gains on sales of restaurants, investment income and interest on notes and leases receivable. Gains on sales of restaurants and interest income from notes receivable, leases receivable and other nonrecurring sources increased $1.3 million and $538,000 in the current year, respectively, largely as a result of the sales of 27 Company-operated restaurants to and accompanying notes from franchisees.

Higher income before income taxes in the fiscal 1993 quarter resulted in an increase in income tax expense for that period.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 11 Calculation of Earnings per Share

(b) No reports on Form 8-K were filed during the sixteen weeks ended May 18, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARL KARCHER ENTERPRISES, INC.
(Registrant)

July 2, 1992
Date

Group Vice President and
(Chief Financial Officer)

EXHIBIT 11

CARL KARCHER ENTERPRISES, INC.
CALCULATION OF EARNINGS PER SHARE
(In Thousands Except Per Share Amounts)

	Sixteen Weeks Ended	
	May 18, 1992	May 20, 1991
PRIMARY EARNINGS PER SHARE		
Net income	$ 3,226	$ 2,682
Weighted average shares outstanding:		
Common stock outstanding from beginning of year	17,918	18,017
Pro-Rata Shares:		
Exercise of stock options	53	25
Repurchase and retirement of shares		(132)
Dilutive effect of outstanding stock options	356	252
	18,327	18,162
Primary earnings per share	$ .18	$ .15
FULLY DILUTED EARNINGS PER SHARE		
Net income	$ 3,226	$ 2,682
Weighted average shares outstanding:		
Common stock outstanding from beginning of year	17,918	18,017
Pro-Rata Shares:		
Exercise of stock options	53	25
Repurchase and retirement of shares		(132)
Dilutive effect of outstanding stock options	356	274
	18,327	18,184
Fully diluted earnings per share	$ .18	$ .15

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

M 92-2259

For the quarterly period ended March 31, 1992

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______.

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Commission file number 1-10717

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E-Z SERVE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**75-2168773** (I.R.S. Employer Identification No.)
10700 Interstate 45 North, Houston, TX (Address of principal executive offices)	**77037-1187** (Zip Code)

Registrant's telephone number, including area code (713) 591-1111

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Class of Common Stock	Outstanding at May 13, 1991
$0.01 par value	9,609,234

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E-Z SERVE CORPORATION
INDEX TO QUARTERLY REPORT
MARCH 31, 1992 AND 1991

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Consolidated Statements of Operations
Three Months ended March 31, 1992 and 1991 6

Consolidated Statements of Stockholders' Equity
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

E-Z SERVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Thousands of dollars)

	March 31, 1992	December 31, 1991
ASSETS		
Current assets:		
Cash and temporary investments	$4,924	$4,142
Accounts receivable, net of allowance for doubtful accounts	6,709	3,811
Notes receivable	992	884
Inventory	9,787	6,248
Securities of related party (Notes 3, 7)	742	4,687
Prepaid expenses and other current assets	1,036	925
Total current assets	24,190	20,697
Property and equipment, net of accumulated depreciation and impairment provision	45,258	38,197
Securities of related party (Note 7)	5,008	5,008
Excess of cost over net assets acquired	10,017	10,144
Other assets	2,053	2,142
	$86,526	$76,188
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts and notes payable	$12,007	$6,421
Accrued liabilities and other current liabilities	6,735	5,502
Current portion of long-term debt	1,384	3,175
Total current liabilities	20,126	15,098
Long-term debt payable to bank, net of current portion (Note 3)	28,263	27,669
Long-term debt payable to related parties, including interest (Note 3)	4,965	4,842
Long-term obligations under capital leases (Note 3)	2,030	24
Long-term debt - other, net of current portion (Note 3)	578	595
Other liabilities, net of current portion	1,630	1,905
Commitments and contingencies (Note 4)		
Stockholders' equity: (Notes 5, 7, 8)		
Preferred stock, $0.01 par value Series A; 100,000 shares authorized, 0 shares and 63,962 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively. Series B; 25,000 shares authorized, 25,000 and 0 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively. Series C; 200,000 shares authorized, 66,924 shares and 0 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively.	1	1
Common stock, $0.01 par value; 100,000,000 shares authorized, 9,984,234 and 8,384,234 shares issued at March 31, 1992 and December 31, 1991, respectively.	100	84
Additional paid-in capital	94,030	88,210
Accumulated deficit	(63,033)	(60,076)
Treasury stock, 375,000 shares, at cost	(2,164)	(2,164)
Total stockholders' equity	28,934	26,055
	$86,526	$76,188

The accompanying Notes to Consolidated Financial Statements

E-Z SERVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Thousands of dollars except per share amounts)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Motor fuels - retail	$46,908	$49,711
Motor fuels - wholesale	-	1,732
Convenience store merchandise	7,521	5,253
Gain (loss) on disposal of assets	(6)	4,832
Interest and other income	470	529
	54,893	62,057
Costs and expenses:		
Cost of sales:		
Motor fuels - retail	41,977	44,682
Motor fuels - wholesale	-	1,491
Convenience store merchandise	5,035	3,828
Other costs	48	-
Operating expenses	5,509	5,588
Selling, general and administrative expenses	2,758	2,540
Depreciation and amortization	1,322	1,392
Interest expense	818	2,038
	57,467	61,559
Income (loss) before income taxes	(2,574)	498
Income tax expense	87	169
Income (loss) before extraordinary item	(2,661)	329
Extraordinary item - reduction in income taxes resulting from utiization of net operating loss carryforwards	-	169
Net income (loss)	($2,661)	$498
Income (loss) Attributable to Common Stock:		
Net loss	($2,661)	$498
Preferred stock dividends	(96)	-
Income (loss) Attributable to Common Stock	($2,757)	$498
Income (loss) before extraordinary item	($0.34)	$0.15
Extraordinary item	-	0.08
Net income (loss)	($0.34)	$0.23
Weighted average shares outstanding	8,114,729	2,127,013

The accompanying Notes to Consolidated Financial Statements are an integral part of these Statements.

E-Z SERVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)
(Thousands of dollars)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
Balance, December 31, 1990	-	$14	$45,480	($40,591)	-	$4,903
Issuance of common stock for parent company preferred stock	-	9	4,999	-	-	5,008
Issuance of preferred stock	$1	-	6,395	-	-	6,396
Repurchase treasury common stock	-	-	-	-	($2,164)	(2,164)
Issuance of common stock at rights offering	-	61	34,904	-	-	34,965
Net cost of rights offering	-	-	(2,232)	-	-	(2,232)
Adjustment of capital contribution	-	-	(1,336)	-	-	(1,336)
Net loss	-	-	-	(19,485)	-	(19,485)
Balance, December 31, 1991	1	84	88,210	(60,076)	(2,164)	26,055
Exchange of Series A Preferred	(1)	-	(6,395)	-	-	(6,396)
Issuance of Series B Preferred	-	-	2,500	-	-	2,500
Issuance of Series C Preferred	1	-	6,395	-	-	6,396
Issuance of restricted common for purchase of companies	-	16	3,024	-	-	3,040
Series A Preferred stock dividend	-	-	296	(296)	-	-
Net loss	-	-	-	(2,661)	-	(2,661)
Balance, March 31, 1992	$1	$100	$94,030	($63,033)	($2,164)	$28,934

The accompanying Notes to Consolidated Financial Statements are an integral part of these Statements.

E-Z SERVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Thousands of dollars)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	($2,661)	$498
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	1,322	1,392
Payments for environmental matters	(350)	(240)
Provision for doubtful accounts	-	13
Gain on sales of assets	-	(4,832)
Interest on related party debt	123	-
Change in assets and liabilities:		
Decrease (increase) in accounts and notes receivable	(840)	2,762
Decrease (increase) in inventory	(349)	1,109
Decrease in prepaid expenses and other	360	69
Increase (decrease) in trade payables and accruals	432	(1,417)
Other - Net	(64)	240
Net cash used in operating activities	(2,027)	(406)
Cash flows from investing activities:		
Proceeds from sale of assets	323	262
Payment for purchase of companies, net of cash acquired	(579)	
Capital expenditures	(108)	(463)
Sale of securities of related party	3,945	-
Proceeds from note receivable related to the sale of subsidiary	-	5,000
Net cash provided by investing activities	3,581	4,799
Cash flows from financing activities:		
Issuance of preferred stock	2,500	-
Debt repayments net of increase in borrowings	(3,272)	(6,628)
Advances from related party	-	1,917
Net cash provided by financing activities	(772)	(4,711)
Net increase (decrease) in cash and temporary investments	782	(318)
Cash and temporary investments at beginning of period	4,142	2,741
Cash and temporary investments at end of period	$4,924	$2,423
Noncash effect of:		
Purchase of securities of related party	-	$5,008
Issuance of common stock	($3,040)	(5,008)
Purchase of Taylor Companies	3,040	-
Incurrance of obligations under capital leases	(2,068)	-
Addition of capital lease assets	2,068	-
	-	-
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$1,783	$17
Income taxes	$38	-

The accompanying Notes to Consolidated Financial Statements are an integral part of these Statements.

E-Z SERVE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

(1) MANAGEMENT'S REPRESENTATIONS

In the opinion of the management of E-Z Serve Corporation and its wholly-owned subsidiaries (the Company), the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position of the Company as of March 31, 1992 and December 31, 1991 and the results of its operations and its cash flows for all periods presented.

The accompanying unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to these rules and regulations, although the Company believes that the disclosures made are adequate to ensure the information presented is not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission on April 1, 1992.

Certain items in the March 31, 1991 financial statements have been restated to conform with presentations in the March 31, 1992 financial statements.

The results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reference is made to the Notes to Consolidated Financial Statements which appear in the Company's Form 10-K for the year ended December 31, 1991.

E-Z SERVE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

(3) LONG-TERM DEBT AND CREDIT ARRANGEMENTS

	March 31, 1992	December 31, 1991
	(Thousands of Dollars)	
Long-term debt payable to bank consists of the following:		
Notes payable to bank under revolving lines of credit	-	11,596
Term notes payable to bank	29,513	19,173
	29,513	30,769
Less: current portion	1,250	3,100
	28,263	27,669
Long-term debt payable to related parties, including accrued but unpaid interest, consists of the following:		
Notes payable to major stockholders	1,510	1,481
Subordinated debenture payable to Harken	3,455	3,361
	4,965	4,842
Long-term obligations under capital leases consists of the following:		
Long-term lease obligations	2,100	36
Less: current portion	70	12
	2,030	24
Long-term debt - other consists of the following:		
Long-term debt - other	642	658
Less: current portion	64	63
	578	595

E-Z SERVE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

(1) MANAGEMENT'S REPRESENTATIONS

In the opinion of the management of E-Z Serve Corporation and its wholly-owned subsidiaries (the Company), the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position of the Company as of March 31, 1992 and December 31, 1991 and the results of its operations and its cash flows for all periods presented.

The accompanying unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to these rules and regulations, although the Company believes that the disclosures made are adequate to ensure the information presented is not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission on April 1, 1992.

Certain items in the March 31, 1991 financial statements have been restated to conform with presentations in the March 31, 1992 financial statements.

The results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reference is made to the Notes to Consolidated Financial Statements which appear in the Company's Form 10-K for the year ended December 31, 1991.

Pursuant to a Restated Loan Agreement (Loan Agreement) dated August 15, 1990, as amended, the Company had a credit facility with a bank consisting of, at December 31, 1991, a $20,000,000 revolving line of credit (Revolver) and term debt with a balance of $19,173,000. On March 25, 1992, the Fourth Amendment and Supplement to the Restated Loan Agreement and the Fifth Amendment and Supplement to the Restated Loan Agreement reduced the Revolver commitment to $16,000,000, converted it to a term loan ($16,000,000 Term Loan) and extended the maturity to June 30, 1994. Drawdowns under the $16,000,000 Term Loan are limited by a borrowing base calculation, and funds not drawn are invested, on a short-term basis, with the bank. Further, the $16,000,000 Term Loan has no scheduled principal payments and bears interest at the prime rate plus 1½%, payable quarterly. The original term debt was composed of two loans (Term Loan A and Term Loan B). At December 31, 1991, Term Loan A had a balance of $4,173,000 and Term Loan B had a balance of $15,000,000. During the first quarter of 1992, Term Loan A was repaid in full and Term Loan B was paid down to $14,250,000 as described below. Term Loan B bears interest, payable quarterly, at the prime rate plus 1½%, the 30, 60 or 90 day LIBOR rate plus 3%, or the 30, 60 or 90 day CD rate plus 3% as determined by the Company.

In accordance with the Third Amendment and Supplement to the Restated Loan Agreement (Third Amendment), the payment schedule and maturity of Term Loan B have been extended to allow the Company, under certain circumstances described below, to apply the net proceeds from the sale of assets to the prepayment of future quarters' interest and principal payment requirements, to a maximum of four quarters. Term Loan B requires quarterly principal payments of $250,000 through December 31, 1992, $500,000 from March 31, 1993 through March 31, 1994, with the balance due June 30, 1994. Net proceeds received from the sale of assets may also, under certain circumstances described below, further reduce the principal balance of Term Loan B.

The Third Amendment provides that, after repayment of the February 14, 1992 promissory notes payable to two major stockholders (see below), the net proceeds from the sale of assets be applied first to the payment of current or past due interest owing on Term Loan B; second, up to $1,300,000 ($879,000 remaining at March 31, 1992) may be retained by the Company for working capital purposes; third, up to twelve months interest and principal may be deposited into a special Interest/Principal Reserve Account at the bank to apply against future commitments; fourth, to the payment of current or past due installments of principal due on Term Loan B; fifth, to the reduction of principal payments on Term Loan B in the inverse order of their maturity; and sixth, to pay current or past due interest and then principal on the $16,000,000 Term Loan.

The Third Amendment further provides that any "Excess Cash Flow" from operations, as defined, shall be payable to the bank quarterly, 45 days after the end of each calendar quarter, commencing August 14, 1991. This "Excess Cash Flow", if any, will be applied to principal payments on Term Note B in the inverse order of maturity. The Loan Agreement grants the bank, among other things, a first security interest in all components of working capital and liens on substantially all real estate, equipment and security investments of the Company. Provisions of the Loan Agreement require the Company to maintain specified minimum levels of working capital, net worth, cash flow and debt to tangible net worth ratios, as defined. The Loan Agreement also imposes various restrictions as to distributions, future contractual obligations, future liens on assets and future lease obligations.

The bank holds a guaranty from Harken Energy Corporation (Harken), limited to $4,750,000 of the principal balance of Term Loan B as of March 31, 1992, plus accrued and unpaid interest on such amount, and expenses reasonably incurred by the bank to collect such amount. The guaranty is reduced by one-third of any principal reduction on Term Loan B, and will be released when Term Loan B is paid in full or at such time as the Company demonstrates the ability from historical cash flow, for four consecutive quarters, to amortize Term Loan B in accordance with a ten-year amortization. On June 28, 1991, the Company issued to Harken a 12% Contingent Secured Subordinated Debenture that shall be deemed issued in the event Harken's guaranty is called upon by the bank. This debenture, if issued, would be secured by a second lien on the 513,240 shares of Harken's Series C Cumulative Convertible Preferred Stock, $1.00 par value (Harken Series C Preferred) held by the Company. (See Note 7 - Related Party Transactions.)

Through a contribution of capital and issuance of a Subordinated Debenture (see below), the Company received 3,980,100 restricted shares of Harken common stock. In 1991, the Company sold, through a private placement, 1,967,811 shares of the Harken common stock, and the net proceeds from this sale of $5,313,000, or $2.70 per share, were applied either against Term Loan A, the Revolver, or placed into a reserve account to prepay future interest and principal payment requirements. Pursuant to a demand registration request made by the Company on September 16, 1991, a registration statement was filed by Harken and became effective on January 24, 1992 for a period of 180 days, allowing the Company to sell its remaining 2,012,289 shares in the public market. As of March 31, 1992, the Company had sold 1,429,200 additional shares of Harken common stock for net proceeds of $3,945,000, or an average of $2.76 per share, which, together with the balance in the reserve account discussed above, were used to pay off Term Loan A in full. The remainder of the proceeds, and the final proceeds received from the sale of the Company's Hawaiian subsidiary were applied to current interest payment requirements or were placed into the reserve account to prepay future principal and interest requirements on Term Loan B. At March 31, 1992, the Company had sufficient funds in the reserve account to prepay scheduled principal and estimated interest payments on Term Loan B through at least September 30, 1992. The Company intends to sell its remaining 583,089 shares of Harken common stock, which have a basis of $742,000 or $1.27 per share. For financial reporting purposes, the difference between the proceeds received from the sale of the remaining stock and the carrying value of such stock will be reflected as an adjustment to paid-in capital. At March 31, 1992, the closing sales price of Harken common stock, as reported by the American Stock Exchange, was $2.75 per share.

The Company plans to further reduce bank debt utilizing proceeds from the sale of its remaining shares of Harken common stock, unused land and pipelines, and certain other retail marketing properties which it believes provide no significant future growth potential, or which do not fit into its overall strategic plan of marketing in non-urban areas. In this regard, the Company is involved in ongoing discussions with prospective third-party purchasers.

On May 3, 1991, the Company issued notes to two major stockholders in the aggregate amount of $1,387,000. The notes bear interest at 2% over the prime rate payable at maturity, and, pursuant to an agreement dated March 25, 1992, the maturity date was extended to June 30, 1994, and, further, upon the closing of a $6,000,000 equity financing by the Company on or prior to December 31, 1993 (Equity Financing), the maturity date would be further extended to June 30, 1995 and the interest rate on the notes would be reduced to the lesser of 12% or the prime rate plus 1%. The balance of the notes and accrued but unpaid interest at March 31, 1992 was $1,510,000.

On June 28, 1991, the Company issued to Harken an Amended and Restated 12% Secured Subordinated Debenture (Subordinated Debenture) in the principal amount of $3,136,000. The Subordinated Debenture, which is subordinated to all indebtedness held by the bank, and to the Series B Preferred Stock (see Note 5 - Stockholders' Equity), is payable in its entirety on June 30, 1994. However, pursuant to an agreement dated March 25, 1992, Harken agreed that, at the time of an Equity Financing, it would extend the maturity date to June 30, 1995 and base the interest payment on the lesser of 12% or the prime rate plus 1%. Interest is payable quarterly commencing September 30, 1991, subject to the prior approval of the bank; such approval was not granted for the 1991 and the first quarter 1992 interest payments in the aggregate amount of $319,000, and such payments were not made. All accrued and unpaid interest is due and payable upon maturity without prior approval of the bank. Provisions of the Subordinated Debenture require the Company to complete certain sales of assets within defined periods and restrict the Company's ability to enter into certain defined business transactions without the approval of Harken. The Company was in breach of the Subordinated Debenture's provision which required it to have sold $4,000,000 worth of assets by March 31, 1992. As of that date, the Company had sold $3,700,000 of assets and received a waiver from Harken. Without the waiver, Harken had the right to approve all expenses (other than certain defined excluded expenses) made by the Company until such time as the Company was no longer in default. The Subordinated Debenture is guaranteed by each of the Company's subsidiaries and is further secured by a second lien on the 513,240 shares of Harken Series C Preferred that are held by the Company.

On February 14, 1992, the Company received a cash advance from two major stockholders to cover working capital deficiencies. In exchange for the advance the Company issued to these stockholders two promissory notes in the aggregate amount of $1,000,000. The notes mature August 1, 1992 and bear interest at the prime rate plus 1½%, payable at maturity. Pursuant to provisions contained in the Loan Agreement, these notes are to be repaid from the first proceeds of any asset sales made by the Company. At March 31, 1992, $89,975 of net proceeds had been applied to pay down the notes.

(4) COMMITMENTS AND CONTINGENCIES

The Environmental Protection Agency issued regulations in 1988 that established requirements for underground storage tanks that will affect various aspects of the Company's retail gasoline operations. The regulations require assurances of insurance or financial responsibility and will require the Company to upgrade or replace a certain number of its underground storage tanks. The Company currently estimates that it will spend an additional $12,417,000 to comply with the new regulations. The $12,417,000 consists of a $4,605,000 reserve for anticipated remediation costs; $3,500,000 for environmental capital improvements; $2,364,000 for tank removal costs; and $2,047,000 for routine tank testing. Such estimate is based on current regulations, historical results, assumptions as to the number of tanks to be replaced and certain other factors. The assumptions on which the above cost estimate is based may not materialize, and unanticipated events and circumstances may occur. As a result, the actual cost of complying with these requirements may be substantially lower or higher than the estimated costs, and could have a material adverse effect on the Company's financial condition.

The Company and its subsidiaries are involved in various lawsuits incident to its businesses, including environmental matters which involve a governmental authority. In management's opinion, the adverse determination against the Company or any of its subsidiaries of any environmental suits would not have a material adverse effect on the Company and its subsidiaries, taken as a whole. In the case of environmental proceedings involving governmental authorities, management does not believe that any imposition of monetary sanctions would exceed $100,000.

(5) STOCKHOLDERS' EQUITY

At December 31, 1991, the Company had issued 63,962 shares of its $6.00 Convertible Preferred Stock, Series A (Series A Preferred Stock) to Harken for $100 per share. On March 25, 1992, Harken exchanged with the Company all of the shares of Series A Preferred Stock owned by it for 66,924 shares of Series C Preferred Stock, including 2,962 shares representing accrued but unpaid dividends. The rights and preferences of the Series C Preferred Stock are identical to those of the Series A Preferred Stock, except that the Series C Preferred Stock is junior as to dividends and distributions in the event of liquidation to the Company's Series B Preferred Stock. The shares of common stock issuable upon conversion of the Series C Preferred Stock were also granted demand and piggyback registration rights. At the option of the Company, and subject to certain limitations, each share of the Series C Preferred Stock is convertible into 17.33 fully paid and non-assessable shares of the Company's common stock, and is redeemable at the option of the Company at $100 per share. Cumulative dividends of $6.00 per share are payable, when and as declared, semi-annually on April 1 and October 1 of each year, in cash or additional Series C Preferred Stock, at the option of the holders of at least two-thirds of the shares of Series C Preferred Stock then outstanding, by written notice to the Company's Board of Directors, at least 60 days prior to the date at which the dividend is payable. The Company plans to retire the Series A Preferred Stock.

In connection with the acquisition of Taylor Petroleum on March 25, 1992, the Company issued 25,000 shares of its Series B Convertible Preferred Stock for $100 per share (Series B Preferred Stock) to two major stockholders. At the option of the holder, each share of Series B Preferred Stock is convertible into the number of shares of the Company's common stock obtained by dividing the conversion value of each share, as defined, by the conversion price, as defined and in effect at the time of the conversion. Each share is currently convertible into 52.63 shares of common stock. Further, a forced conversion can occur in certain circumstances upon the closing by the Company of an underwritten public offering of common stock of the Company at a price per share of not less than $3.00 and in which the cash proceeds to the Company are not less than $6,000,000, or at such time as the Company's common stock trades at a closing price greater than $4.00 per share for 30 consecutive trading days. The Series B Preferred Stock is entitled to receive cumulative annual dividends at the rate of $8.00 per share. In liquidation, the Series B Preferred Stock is entitled to receive $100 per share and is senior to any distribution of assets to the holders of any other series of preferred stock or common stock. Holders of the Series B Preferred Stock have been granted demand and piggyback registration rights with respect to the shares of common stock issuable upon conversion of the Series B Preferred Stock. In accordance with the terms of the Series B Preferred Stock Certificate of Designation, the Company must obtain the consent of not less than 66⅔% of the Series B Preferred Stock holders in order to issue senior equity securities, reserve additional shares of the Company's common stock for distribution to employees and certain other equity matters.

(6) PER SHARE DATA

Per share data has been computed based on the weighted average number of common shares outstanding during the periods presented. Primary and fully diluted earnings per share are not presented as inclusion of common stock equivalents would be anti-dilutive.

(7) RELATED PARTY TRANSACTIONS

Relationship with Harken - On April 29, 1991, the Company completed a common stock rights offering which established separate ownership for the Company from its former parent, Harken. Ongoing relationships with Harken consist only of the following:

At March 31, 1992, the Company held 583,089 shares of Harken common stock, valued at $742,000 (See Note 3 - Long-Term Debt and Credit Arrangements);

At March 31, 1992, the Company held 513,240 shares of Harken Series C Preferred, valued at $5,008,000 (See Note 3 - Long-Term Debt and Credit Arrangements);

At March 31, 1992, Harken held 580,875 shares of the Company's common stock;

At March 31, 1992, Harken held 66,924 shares of the Company's Series C Preferred Stock (See Note 5 - Stockholders' Equity);

At March 31, 1992, Harken held the Company's Subordinated Debenture with an outstanding balance, including accrued but unpaid interest, of $3,455,000 (See Note 3 - Long-Term Debt and Credit Arrangements);

Harken has outstanding guaranties on the Company's behalf related to the Company's bank debt (see Note 3 - Long-Term Debt and Credit Arrangements), certain office and station lease commitments, and certain debt related to a subsidiary acquisition.

See Note 3 - Long-Term Debt and Credit Arrangements and Note 5 - Stockholders' Equity for additional related party transactions.

(8) ACQUISITION OF TAYLOR PETROLEUM

On March 25, 1992, the Company acquired Taylor Petroleum, Inc. (Taylor) and Titan Energy, Inc. (Titan), both of Amarillo, Texas (the Taylor Companies). Taylor operates 113 convenience stores, mini marts and gas marts in Texas, Oklahoma, Kansas, Missouri, Arkansas and New Mexico, all of which sell gasoline. Titan operates a fleet of 11 refined product transports. Under the terms of the deal, the Company acquired all of the outstanding stock of both Taylor and Titan for $800,000 cash, $2,000,000 in debt assumption, which was paid down fully at closing, and 1,600,000 restricted shares of the Company's common stock. The Company financed the cash portion of the transaction by privately placing $2,500,000 of Series B Convertible Preferred Stock to two major stockholders and from available working capital. (See Note 5 - Stockholders' Equity.)

The Consolidated Balance Sheets presented herein include all of the accounts of the Taylor Companies; the Consolidated Statements of Operations include results of the Taylor Companies for the period March 1 through March 31, 1992.

E-Z SERVE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

Below is the Consolidated Statement of Operations of the Company for the year ended December 31, 1991, and the Pro Forma Consolidated Statement of Operations for the same period, presented as though the Taylor Companies were included with the Company's operations for the full year:

	Year Ended December 31, 1991	
	(as reported)	(pro forma)
	(Thousands of Dollars)	
Revenues:		
Motor fuels - retail	$198,806	$258,597
Motor fuels - wholesale	3,270	3,270
Convenience store merchandise	22,182	47,958
Gain (loss) on sale of assets	6,520	6,522
Interest and other income	1,037	1,379
	231,815	317,726
Cost and Expenses:		
Cost of sales:		
Motor fuels - retail	178,266	231,332
Motor fuels - wholesale	2,895	2,895
Convenience store merchandise	15,780	34,013
Operating expenses	22,760	35,894
Selling, general and administrative	9,171	10,804
Depreciation and amortization	5,652	6,088
Interest expense	5,198	4,946
Provisions for asset impairments, environmental and restructuring costs	11,627	11,627
	251,349	337,599
Loss Before Income Taxes	(19,534)	(19,873)
Income tax expense (credit)	(49)	(590)
Net Loss	$(19,485)	$(19,283)
Loss Attributable to Common Stock:		
Net loss	$(19,485)	$(19,283)
Preferred stock dividends	(200)	(200)
Loss Attributable to Common Stock	$(19,685)	$(19,483)
Loss per Common Share	$(3.34)	$(2.60)
Weighted Average Shares Outstanding	5,885,315	7,485,315

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

(In thousands except store counts, per gallon margins and percentages)

The following is Management's discussion and analysis of certain significant factors which have affected the Company's earnings and balance sheet during the periods included in the accompanying unaudited consolidated financial statements. Operating data is presented below:

	Three Months Ended March 31,	
	1992	1991
MOTOR FUELS - RETAIL		
Average number of open and operating locations (1)	541	604
Gallons sold	48,718	44,530
Gallons sold per location per month	30	25
Revenues	$46,908	$49,711
Gross profit (2)	4,931	5,029
Gross profit per gallon	0.1012	0.1129
Gross profit per location per month	3.0	2.8
CONVENIENCE STORE MERCHANDISE (3)		
Average number of open and operating locations	91	56
Merchandise sales	$7,521	$5,253
Merchandise sales per location per month	28	31
Gross profit	2,486	1,425
Gross profit percentage	33.05%	27.13%
Gross profit per location per month	9.1	8.5
MOTOR FUELS - WHOLESALE (4)		
Gallons sold	-	2,404
Revenues	-	$1,732
Gross profit	-	241
Gross profit per gallon	-	0.1002

(1) Represents retail outlets and company-owned convenience stores that retail motor fuels.

(2) Gross profit is shown before deducting compensation paid to operators of locations not operated by the Company of $1,394 and $1,689 for the three months ended March 31, 1992 and 1991, respectively.

(3) Represents revenues from merchandise related sales at company-owned locations.

(4) Represents operations discontinued in September, 1991.

Overview

The Company reported a net loss of $2,661,000 and net income of $498,000 for the three months ended March 31, 1992 and 1991, respectively. The first quarter of 1992 included $453,000 of non-recurring expenses related primarily to the planned closing of the Company's Kingsville, TX office; 1991's first quarter included a gain of $5,000,000 related to the sale of the Company's Hawaiian retail gasoline marketing subsidiary, partially offset by $584,000 of non-recurring expenses related primarily to bad debts. Without these one-time adjustments, the Company would have reported net losses of $2,208,000 and $3,918,000 for the three months ended March 31, 1992 and 1991, respectively. Operating results in 1992 include the Taylor Companies since March 1, 1992.

Operating Gross Profit

Retail motor fuel volumes were up during the first quarter of 1992 as compared to 1991 while revenues and cost of sales declined. The increase in volume of approximately 4,188,000 gallons or 9% was due to the addition of the Taylor Companies (9,171,000 gallons) as of March 1, 1992, partially offset by reductions caused largely by the decline in the number of open and operating locations. Despite the increase in volumes, motor fuels retail revenues declined 6% due to reduced selling prices at the pump. Gross profit declined in 1992 from the higher levels experienced in the first quarter of 1991 when the Middle East crisis drew to a close.

Convenience store merchandise sales increased 53% for the three months ended March 31, 1992 as compared to the same 1991 period due to the addition of the Taylor Companies. The gross profit margin of 33.05% for the three months ended March 31, 1992 represented a sharp increase over the 27.13% experienced during the corresponding 1991 period as the Company's redefined pricing and rebate program began to show results.

Bulk motor fuels wholesaling was discontinued in September, 1991.

Other Income

Other income declined 12% due primarily to reduced interest income.

Expenses

Operating expenses dropped 1% in the first quarter of 1992 compared to the 1991 period as increases in 1992 from the addition of the Taylor Companies were more than offset by reductions caused by the decline in the number of open and operating locations and by non-recurring bad debt charges recognized in the first quarter of 1991.

Selling, General and Administrative expenses for the first quarter of 1992 were up 9% as compared to the first quarter of 1991 primarily due to $453,000 of charges recognized in the first quarter of 1992 to cover the planned closure of the company's Kingsville, TX administrative office. Without these non-recurring charges, Selling, General and Administrative expenses would have declined by 8%.

Depreciation and amortization expense decreased 5% during the quarter ended March 31, 1992 as compared to the same 1991 period due to the Company's program of closing marginal locations.

Interest expense decreased 60% in the first quarter of 1992 as compared to the same 1991 period due to the conversion of long-term debt to equity upon completion of the rights offering, lower interest rates and the paydown of bank debt from the proceeds from asset sales.

Liquidity and Capital Resources

The following table sets forth key balance sheet amounts and corresponding ratios for periods included in the accompanying consolidated financial statements:

	March 31, 1992	December 31, 1991
	(Dollars In Thousands)	
Current assets	$24,190	$20,697
Current liabilities	20,126	15,098
Current ratio	1.20:1	1.37:1
Long-term debt (including related parties, capital lease obligations and other)	$35,836	$33,130
Stockholders' equity	28,934	26,055
Debt to equity ratio	1.24:1	1.27:1
Common shares outstanding	9,609,234	2,245,411

Liquidity

During the first quarter of 1992 the Compoany received proceeds from the following: sale of fixed assets of $323,000; proceeds from the sale of Harken common stock owned by the Company of $3,945,000; issuance of preferred stock for $2,500,000; and cash received in connection with short-term notes issued to two major stockholders for $1,000,000. Major expenditures included: $458,000 of capital and environmental remediation expenditures; $579,000 in net cash payments for the Taylor acquisition; and $3,272,000 of debt reduction.

The Company's net working capital decreased $1,535,000 or 27% in the first quarter of 1992 due to the sale of the Harken common stock and application of the resulting proceeds to reduce long-term debt, partially offset by an increase in short-term investments due to conversion of the Revolver to a term note and the extension of certain bank principal requirements. (See Note 3 - Long-Term Debt and Credit Arrangements in Notes to Consolidated Financial Statements.)

The Company has taken steps to improve its financial condition and strengthen its capitalization. As of March 31, 1992, the Company had sold assets sufficient to pay off Term Loan A and to prepay principal and interest on Term Loan B through at least September 30, 1992. (For a more detailed discussion, see Note 3 - Long-Term Debt and Credit Arrangements in the Notes to Consolidated Financial Statements.) The Company intends to pursue its business strategy by reducing bank debt further. Accordingly, the Company is continuing to liquidate non-strategic assets and is also offering for sale certain retail marketing properties which it believes provide no significant future growth potential, or which do not fit into the Company's overall strategic plan of marketing in non-urban areas. In this regard, the Company is involved in ongoing discussions with prospective third-party purchasers of such assets.

The Company has also initiated various measures to reduce overhead expenses and enhance cash flow. Office locations in Riverside, CA, Alexandria, LA and Kingsville, TX have been or are being consolidated, organizational and support staff levels have been streamlined, systems have been modernized to enhance efficiency, and cost reduction programs related to company-wide administrative expenses have been implemented. Although there are certain unavoidable short-term expenses associated with these actions, such as office shut down costs and severance costs, these programs will continue with the intention of producing additional future savings.

Because approximately 85% of the Company's revenues are derived from motor fuel sales and because the Company acquires much of its product on a spot basis, gross margins are subject to sudden changes whenever a disproportionate movement between purchase costs and retail selling prices occurs. In early 1991, the gasoline retail marketing industry experienced large and sudden swings in both product costs and competitive selling prices. Frequently these movements were not in line with each other, which led to unusually wide, or more commonly, narrow margins. In addition, attempts by the major oil companies to gain market share have placed added pressure on the margins and volumes of independent marketers. The economic recession has further hurt consumption. Beginning in the late spring of 1991 and continuing through the 1991-92 winter months, market conditions generally reflected a more traditional supply and demand relationship. However, the market environment of the past several months has been one of rising product costs without corresponding increases in selling prices, leading to considerable downward pressure on margins. This condition exists today, and without a return to stability in the marketplace, the Company may temporarily experience operating results that are unprofitable before considering depreciation and debt service.

During 1991, the Company experienced periods when its cash flow from operations was insufficient to meet its current obligations, including scheduled interest payments under the Loan Agreement. As discussed more fully in Note 3 - Long-Term Debt and Credit Arrangements in Notes to Consolidated Financial Statements, the Loan Agreement was amended in June, 1991 to allow the Company to apply the proceeds from the sale of assets to required interest and principal payments. As mentioned above, at March 31, 1992, the Company had sufficient funds in a reserve account at the bank to prepay principal and estimated interest payments on Term Loan B through at least September 30, 1992. Interest on the $16,000,000 Term Loan has not been prepaid. With the additional cash from operations anticipated from the Taylor Petroleum acquisition and the additional drawdowns available on the $16,000,000 Term Loan, the Company does not currently project cash shortfalls, but there can be no assurance that unanticipated events, or a prolonged motor fuel margin squeeze, will not occur and thereby cause such shortfalls to exist.

Capital Resources

In late spring, 1991, the Company developed a new strategic business plan that is designed to refocus the Company's capital and human resources away from motor fuels distribution in the many forms in which it was previously conducted and towards becoming a leader in the convenience store industry, predominantly in non-urban areas. In this regard, on March 25, 1992, the Company privately placed $2,500,000 of Series B Preferred Stock to two major stockholders and used the proceeds, and available working capital, to acquire Taylor Petroleum, an operator of 113 convenience stores. (See Note 8 - Acquisition of Taylor Petroleum in Notes to Consolidated Financial Statements.)

The Company's ability to expand further is dependent upon several factors including adequacy of acquisition opportunities and sufficient capital resources. The Company believes that there exists and will continue to exist ample acquisition candidates as the major oil companies continue their exit of the non-urban markets, as the convenience store industry continues to contract due to competitive pressures and the financial difficulties experienced by some of its members, and as small independent operators have difficulty meeting growing environmental requirements. Due to insufficient available capital and currently inadequate cash flow from operations, it will be necessary for the Company to fund identified acquisitions with new capital. Accordingly, the Company plans to be involved in equity-raising efforts in 1992.

The Environmental Protection Agency requires that facility owners test underground tanks for leaks and repair or replace leaking tanks with new or upgraded corrosion protected tanks. The Company currently estimates that complying with these regulations will cost an additional $12,417,000, generally through 1998. This estimate is based upon assumptions as to the number of tanks to be replaced and certain other factors. The assumptions on which the cost estimates are based may not materialize, and unanticipated events and circumstances may occur. As a result, the actual cost of complying with these requirements may be substantially lower or higher than the estimated costs. The Company anticipates that required expenditures relating to compliance with these regulations will be funded from cash flow from operations.

PART II - OTHER INFORMATION

E-Z SERVE CORPORATION
NOTES CONCERNING OTHER INFORMATION AND EXHIBITS

Item 1 - Legal Proceedings

The Company and its subsidiaries are involved in various lawsuits incident to its businesses, including environmental matters which involve a governmental authority. In management's opinion, the adverse determination against the Company or any of its subsidiaries of these suits would not have a material adverse effect on the Company and its subsidiaries, taken as a whole. In the case of proceedings involving governmental authorities, management does not believe that any imposition of monetary sanctions would exceed $100,000.

In connection with the acquisition of the stock of the Taylor Companies, the Company has effectively become responsible for certain specific claims that existed prior to the acquisition. The Company has been indemnified by the selling shareholders with regard to these claims, as well as any other claims that may arise following the acquisition that are related to pre-closing events. The incidents for which the Company has received indemnity include the fatalities of one of Taylor's convenience store employees and one of the convenience store's customers, which were both allegedly caused in the course of a robbery. The Company is unable to determine whether any claims will be made, and, if made, whether the outcome will be favorable or unfavorable.

Item 2 - Changes in Securities

The Company issued 25,000 shares of Series B Preferred Stock on March 25, 1992. Such preferred stock has a liquidation and dividend preference over all shares of the Company's common stock.

Item 3 - Defaults upon Senior Securities

As of March 31, 1992 the company was not in compliance with a provision of its 12% Subordinated Debenture held by Harken. The non-compliance related to the required amount of asset sales for the quarter ended March 31, 1992. The Company has received a waiver from Harken regarding this matter.

Item 4 - Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the quarter ended March 31, 1992.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) A Report on Form 8-K dated March 25, 1992 has been filed during the quarter for which this report is filed. The terms of the acquisition of the Taylor Companies and the related transaction concerning leases were reported.

E-Z SERVE CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

E-Z SERVE CORPORATION
(Registrant)

Date: May 18, 1992

John T. Miller, Senior Vice President
(Chief Financial Officer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

PROCESSED BY
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Commission File No. 0-19494

PAGING NETWORK, INC.

(Exact name of registrant as specified in cha

Delaware (State or other jurisdiction of incorporation or organization)	**04-2740516** (I.R.S. Employer Identification Number)

30

4965 Preston Park Boulevard, Suite 500
Plano, Texas 75093
(Address of principal executive offices)

(214) 985-4100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title	Shares Outstanding as of April 17, 1992
Common Stock, $.01 par value	33,489,747

The Company's Common Stock is publicly traded under the symbol "PAGE" through the National Association of Securities Dealers Automated Quotation National Market System.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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Paging Network, Inc. Consolidated Statements of Stockholders' Equity (Deficit) for the Three Months Ended March 31, 1992 and 1991 6

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PAGING NETWORK, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current assets:		
Cash	$ 1,116	$ 1,892
Accounts receivable, less allowance for doubtful accounts	6,353	5,220
Prepaid expenses	3,545	2,821
Total current assets	11,014	9,933
Equipment and leasehold improvements	244,630	227,560
Less accumulated depreciation	68,611	65,002
	176,019	162,558
Net intangible assets	18,710	18,154
	$205,743	$190,645

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:		
Accounts payable and accrued expenses	$ 17,197	$ 10,678
Accrued compensation, benefits and related items	249	785
Accrued taxes	1,880	2,077
Accrued interest	8,748	5,958
Customer deposits	8,510	7,844
Deferred revenue	693	696
Total current liabilities	37,277	28,038
Long-term obligations, less current maturities (See Notes 4 & 5)	151,000	146,029
Stockholders' equity (deficit):		
Common Stock: $.01 par, 70,000,000 shares authorized, 33,489,747 and 33,486,215 shares issued and outstanding in 1992 and 1991, respectively	335	335
Paid-in capital	115,833	115,798
Accumulated deficit	(98,702)	(99,555)
Total stockholders' equity (deficit)	17,466	16,578
	$205,743	$190,645

See accompanying notes

PAGING NETWORK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share information)
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Services, rent and maintenance revenues	$44,209	$32,242
Product sales	9,617	3,055
Cost of products sold	(6,484)	(1,755)
	47,342	33,542
Operating expenses:		
Services, rent and maintenance	7,620	5,736
Selling	6,449	4,599
General and administrative	15,483	11,102
Depreciation and amortization	12,503	9,165
Total operating expenses	42,055	30,602
Operating income	5,287	2,940
Other income (expense):		
Interest expense	(4,440)	(6,796)
Other	6	5
Total other income (expense)	(4,434)	(6,791)
Net income (loss)	$ 853	$(3,851)
Net income (loss) per share	$ 0.03	$ (0.14)

See accompanying notes

PAGING NETWORK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ 853	$(3,851)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,255	8,964
Amortization of intangible assets	248	201
Accounts receivable loss provision	1,481	1,417
(Increase) decrease in:		
Accounts receivable	(2,614)	825
Prepaid expenses	(724)	(83)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,519	1,157
Accrued compensation, benefits and related items	(536)	(231)
Accrued taxes	(197)	(268)
Accrued interest	2,790	3,581
Customer deposits	666	426
Deferred revenue	(3)	(2)
Total adjustments	19,885	15,987
Net cash provided by operating activities	20,738	12,136
Cash flows from investing activities:		
Additions to equipment and leasehold improvements	(25,716)	(15,310)
Other	(1,053)	(34)
Net cash used in investing activities	(26,769)	(15,344)
Cash flows from financing activities:		
Increase in long-term obligations	4,971	2,500
Repayments of long-term obligations	-	(43)
Proceeds from sale of Common Stock	35	14
Other	249	277
Net cash provided by financing activities	5,255	2,748
Net decrease in cash	(776)	(460)
Cash balance at beginning of period	1,892	1,830
Cash balance at end of period	$ 1,116	$ 1,370

See accompanying notes

PAGING NETWORK, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

Three months ended March 31, 1992 and 1991
(in thousands, except share and per share information)
(Unaudited)

	Common Stock	Paid-in Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
Balance, December 31, 1990	$265	$ -	$(90,202)	$(89,937)
Issuance of 13,957 shares of Common Stock upon exercise of stock options	-	14	-	14
Net loss	-	-	(3,851)	(3,851)
Balance, March 31, 1991	265	14	(94,053)	(93,774)
Balance, December 31, 1991	335	115,798	(99,555)	16,578
Issuance of 3,532 shares of Common Stock upon exercise of stock options	-	35	-	35
Net income	-	-	853	853
Balance, March 31, 1992	$335	$115,833	$(98,702)	$ 17,466

See accompanying notes

PAGING NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1992
(UNAUDITED)

1. The Company

Paging Network, Inc. (PageNet) was formed on September 2, 1981, for the purpose of acquiring, constructing and operating Radio Common Carriers (RCC) in various locations throughout the United States. PageNet's Common Stock is publicly traded, although one stockholder, The Golder Thoma Fund, currently owns a majority of the shares outstanding.

The consolidated financial statements include the accounts of PageNet and its wholly-owned subsidiaries (the Company). All intercompany transactions have been eliminated.

2. Unaudited Interim Financial Statements

The interim consolidated financial information contained herein is unaudited but, in the opinion of management, includes all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the financial position and results of operations for the periods presented. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year.

3. Supplemental Cash Flow Information

Cash payments made for interest during the three months ended March 31, 1992 and 1991 were approximately $1.4 million and $2.9 million, respectively. There were no income taxes paid for the three months ended March 31, 1992 and 1991.

4. Public Offerings

In the quarter ending March 31, 1992, PageNet filed a registration statement with the Securities and Exchange Commission to offer $200 million aggregate principal amount of Senior Subordinated Notes due 2002. The net proceeds from the sale of the Notes will be used to repay debt under PageNet's revolving Credit Agreement, effectively terminate interest rate swap agreements, and for general corporate purposes.

In a separate registration statement filed with the Securities and Exchange Commission, six million shares of Common Stock are being offered for sale by certain stockholders. This sale will not increase the number of shares outstanding nor will the Company receive proceeds from the sale.

5. Long-Term Obligations

As of March 31, 1992, the Company's indebtedness under the Credit Agreement was $151 million. Thereafter, the Company borrowed an additional $11 million through April 17, 1992, resulting in approximately $103 million currently being available for borrowing under the borrowing base formula. The Company has entered into certain amendments to the Credit Agreement, effective upon the completion of the Senior Subordinated Notes offering and conditioned thereon, pursuant to which the maximum amount available for borrowings under the Credit Agreement will be reduced to the lesser of $200 million or the defined borrowing base, in either case reduced by outstanding letters of credit.

6. Income Tax Provision

No provision for income taxes has been made for the three months ended March 31, 1992 since the Company anticipates a net loss for both financial reporting and income tax purposes and anticipates that no charge or benefit for income taxes will be recorded for the year ending December 31, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

The following table presents certain items in the Consolidated Statements of Operations as a percentage of revenues from services, rent and maintenance plus product sales less the cost of products sold (Net Revenues) for the three months ended March 31, 1992 and 1991, respectively.

	Three Months Ended March 31,	
	1992	1991
Net Revenues	100.0%	100.0%
Operating expenses:		
Services, rent and maintenance	16.1	17.1
Selling	13.6	13.7
General and administrative	32.7	33.1
Earnings before interest, taxes, depreciation and amortization	37.6	36.1
Depreciation and amortization	26.4	27.3
Operating income	11.2	8.8
Net income (loss)	1.8	(11.5)

Three Months Ended March 31, 1992, Compared to Three Months Ended March 31, 1991

Net Revenues for the three months ended March 31, 1992 increased 41.1% to $47.3 million compared to $33.5 million for the three months ended March 31, 1991. Services, rent and maintenance revenues for the three months ended March 31, 1992 increased 37.1% to $44.2 million, compared to $32.2 million for the three months ended March 31, 1991. The increase was primarily due to continued growth in the number of pagers in service with subscribers of the Company. The number of pagers in service with subscribers at March 31, 1992 was 1,438,983, compared to 945,154 pagers in service with subscribers at March 31, 1991, an increase of 52.2%. Product sales, less cost of products sold, increased from $1.3 million for the three months ended March 31, 1991, to $3.1 million for the three months ended March 31, 1992 and increased as a percentage of Net Revenues from 3.9% for the three months ended March 31, 1991 to 6.6% for the three months ended March 31, 1992. This increase in product sales is attributable to the Company's continued expansion into the third party reseller market.

Services, rent and maintenance expenses increased 32.8% to $7.6 million for the three months ended March 31, 1992, compared to $5.7 million for the three months ended March 31, 1991. As a percentage of Net Revenues, however, services, rent and maintenance expenses decreased from 17.1% to 16.1%, primarily as a result of improved operating efficiencies.

For the three months ended March 31, 1992, selling expenses increased 40.2% to $6.4 million from $4.6 million for the three months ended March 31, 1991. This increase resulted primarily from the addition of sales personnel in virtually all operating markets to support continued growth in both Net Revenues and the number of pagers in service with subscribers. Selling expenses as a percentage of Net Revenues decreased for the three months ended March 31, 1992, as compared to the corresponding period in 1991, from 13.7% to 13.6%.

General and administrative expenses increased 39.5% to $15.5 million (32.7% of Net Revenues) for the three months ended March 31, 1992, compared to $11.1 million (33.1% of Net Revenues) for the three months ended March 31, 1991.

As a result of the above factors, for the three months ended March 31, 1992, earnings before interest, taxes, depreciation and amortization increased 47.0% to $17.8 million (37.6% of Net Revenues) compared to $12.1 million (36.1% of Net Revenues) for the corresponding period in 1991.

Depreciation and amortization expenses increased for the first three months of 1992 from the corresponding period in the prior year by 36.4% from $9.2 million to $12.5 million. The increase in depreciation and amortization expenses was primarily attributable to the increase in the number of pagers owned by the Company.

Operating income increased by 79.8% to $5.3 million for the three months ended March 31, 1992, compared to $2.9 million for the three months ended March 31, 1991.

Interest expense for the three months ended March 31, 1992, decreased $2.4 million over the three months ended March 31, 1991, due to a lower average level of indebtedness outstanding under the Credit Agreement during the first quarter of 1992. Average debt outstanding decreased as the Company applied all net proceeds (approximately $115.7 million) received from its initial public offering to reduce debt.

Liquidity and Capital Resources

The Company's operations and expansion into new markets require substantial capital investment for the development and installation of paging systems and for the procurement of paging equipment. These investments have been funded by net cash provided by operating activities, borrowings, and proceeds from sales of certain assets. Capital expenditures were $25.7 million for the three months ended March 31, 1992 and $15.3 million for the comparable period in 1991. During the first quarter of 1992, the Company announced it is in the process of opening 12 new offices in 8 new markets. The Company's entrance into new markets and continued growth in existing markets will require capital expenditures in excess of expenditures incurred in 1991.

The Company's net cash provided by operating activities was $20.7 million and $12.1 million for the three months ended March 31, 1992 and 1991, respectively. Net increases in borrowings under the Company's Credit Agreement were $5.0 million for the three months ended March 31, 1992 and $2.5 million for the same period in 1991.

As of March 31, 1992, the Company's unused sources of funds consisted of approximately $1.1 million in cash and cash equivalents. In addition, under the current Credit Agreement, which expires in June 1998, and conditioned upon meeting certain financial covenants, the Company can borrow up to the lesser of $265 million or a defined borrowing base, in either case reduced by outstanding letters of credit.

As of March 31, 1992, the Company's indebtedness under the Credit Agreement was $151.0 million. Thereafter, the Company has borrowed an additional $11 million under the Credit Agreement through April 17, 1992, resulting in $103 million currently being available for borrowing under the borrowing base formula. The Company has entered into certain amendments to the Credit Agreement, effective upon the completion of the Senior Subordinated Notes offering and conditioned thereon. pursuant to which the maximum amount available for borrowings under the Credit Agreement will be reduced to the lesser of $200 million or the defined borrowing base, in either case reduced by outstanding letters of credit. Management believes that funds available under the Credit Agreement, plus funds generated from the Company's operations will be sufficient to meet projected capital expenditure requirements.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes." The Company has not yet adopted the provisions of Statement No. 109, but it is not anticipated to have a significant adverse impact on the Company's financial position.

Inflation is not a material factor affecting the Company's business. Paging system equipment and transmission costs have not increased while pager costs have actually declined significantly over time (approximately 70% since 1984); this has been reflected in lower prices charged to the Company's subscribers. General operating expenses such as salaries, employee benefits and occupancy costs are, however, subject to normal inflationary pressures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various lawsuits arising in the normal course of business. In management's opinion, the ultimate outcome of these lawsuits will not have a material adverse effect on the Company's financial position.

Item 2. Exhibits

The following exhibit is filed as part of this Quarterly Report on Form 10-Q:

11. Statement regarding computation of earnings per share.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Paging Network, Inc.

Date: April 17, 1992

/s/ George M. Perrin
George M. Perrin,
President and Chief Executive Officer

Date: April 17, 1992

/s/ Terry L. Scott
Terry L. Scott,
Senior Vice President -
Finance and Administration,
Chief Financial Officer,
Treasurer and Assistant Secretary
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description	Sequentially Numbered Page
11	Computation of Earnings Per Share	15

EXHIBIT 11

PAGING NETWORK, INC.
COMPUTATION OF EARNINGS (LOSS) PER SHARE
(in thousands, except share and per share information)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991	
PRIMARY EPS:			
Net income (loss)	$ 853	$ (3,851)	
Weighted average shares outstanding	33,487,826	26,484,088	
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	405,943	-	(1)
Options granted or exercised within the twelve months ended August 14, 1991, net of shares assumed to be repurchased after applying the treasury stock method	186,650	186,650	
Primary shares	34,080,419	26,670,738	
Earnings (loss) per share	$ 0.03	$ (0.14)	
FULLY DILUTED EPS:			
Net income (loss)	$ 853	$ (3,851)	
Weighted average shares outstanding	33,487,826	26,484,088	
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	405,943	-	(1)
Options granted or exercised within the twelve months ended August 14, 1991, net of shares assumed to be repurchased after applying the treasury stock method	186,650	186,650	
Fully diluted shares	34,080,419	26,670,738	
Earnings (loss) per share	$ 0.03	$ (0.14)	

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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
Form 10-Q

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92-2259

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 31, 1992.

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from ____________________
to ____________________

Commission File Number: 033-36290

SPORTSWORLD 2000, INC.

FLORIDA	65-2568897
(State of Incorporation)	(IRS Employer I.D. No.)

Address of Principal Executive Offices:

12788 Forest Hill Boulevard, Wellington, Florida 33414

Registrant's telephone number, including area code:

(407) 795-4508

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 month (or for such other shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES __X__ NO ____

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of March 31, 1992.

13,431,333 Common Shares

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SPORTSWORLD 2000, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS		
Cash	$ 472,656	$ 72,980
Accounts receivable	12,284	11,880
Inventories	195,680	201,760
TOTAL CURRENT ASSETS	680,620	286,620
FIXED ASSETS		
Furniture	48,063	35,272
Equipment	960,363	958,363
Less accumulated depreciation	(26,195)	(690)
TOTAL FURNITURE AND EQUIPMENT	982,231	992,945
OTHER ASSETS		
Deposits	580,045	587,001
Note receivable	40,000	
Patents net of accumulated amortization of $44,642	2,509,867	2,506,922
Excess of purchase price over net assets acquired net of accumulated amortization of $1,720	94,575	96,295
Construction in process	80,570	
Other	289	289
TOTAL OTHER ASSETS	3,305,346	3,190,507
	$4,968,197	$4,470,072

See notes to consolidated financial statements.

SPORTSWORLD 2000, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES		
Notes payable	$1,314,000	$1,389,000
Accounts payable	48,069	59,345
TOTAL CURRENT LIABILITIES	1,362,069	1,448,345
REDEEMABLE PREFERRED STOCK		
Redeemable Preferred Stock, .0001 par value, 1,000,000 shares authorized, issued and outstanding 5,630 shares, redemption at $1,126,000.	1,126,000	1,126,000
STOCKHOLDERS' EQUITY		
Common stock, .0001 par value, 50,000,000 shares authorized, issued, and outstanding 13,431,333 shares in 1992, and 12,818,000 shares in 1991.	1,344	1,282
Additional paid in capital	4,215,024	2,556,120
Accumulated deficit during development stage	(1,736,240)	(661,675)
TOTAL STOCKHOLDERS' EQUITY	2,480,128	1,895,727
	$4,968,197	$4,470,072

See notes to consolidated financial statements.

SPORTSWORLD 2000, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended March 31	
	1992	1991
Sales	$ 14,534	$ -0-
Costs and expenses		
Consulting	279,665	
Professional	284,861	
Employee compensation	151,380	
Travel & business	105,837	
Foreign travel and business	25,246	
Promotional travel	7,232	
Real estate and development expense	29,562	
Insurance & office expense	26,136	
Depreciation & amortization	71,867	
Telephone & utilities	17,699	
Rent expense	34,082	
Other administrative	55,532	17
TOTAL COSTS AND EXPENSES	1,089,099	17
Net loss	$1,074,565	$ 17
EARNINGS (LOSS) PER SHARE		
Primary	$ (.08)	$ -0-
Fully diluted	$ (.08)	$ -0-

See notes to consolidated financial statements.

SPORTSWORLD 2000, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid in Capital	Accumulated Deficit During Development Stage	Total
Balance at July 2, 1990	$ -0-	$ -0-	$ -0-	$ -0-
Proceeds from issuance of shares net of offering costs (6,250,000 shares)	625	675		1,300
Net loss for 1990			(50)	(50)
Balance at December 31, 1990	625	675	(50)	1,250
Proceeds from issuance of shares as of October 16, 1991, net of offering costs of $231,379 (2,212,000 shares issued for cash and compensation)	221	1,075,881		1,076,102
Common Stock issued for Grand Prairie transaction, (1,321,000 shares)	132	(132)		
Common Stock issued for acquisition of assets and deposits (3,035,000 shares)	304	1,479,696		1,480,000
Net loss for 1991			(661,625)	(661,625)
Balance at December 31, 1991	1,282	2,556,120	(661,675)	1,895,727
Proceeds from issuance of shares as of January 16, 1992, net of offering costs of $76,804 (3,613,333 shares issued for cash and compensation)	194	1,658,904		1,659,098
Common stock issued for Grand Prairie transaction	68	-0-		68
Common shares redeemed for Grand Prairie transaction (2,000,000 shares)	(200)	-0-	-0-	(200)
Net loss at March 31, 1992			(1,074,565)	(1,074,565)
Balance at March 31, 1992	$ 1,344	$4,215,024	$(1,736,240)	$2,480,128

See notes to consolidated financial statements.

SPORTSWORLD 2000, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(1,074,565)	$ (17)
Cash provided by operating activities:		
Depreciation and amortization	71,867	17
Changes in current operating activities and liabilities		
Decrease in current assets	5,676	
Decrease in current liabilities	(11,276)	
Cash flow used in operating activities	(1,008,298)	-0-
INVESTING ACTIVITIES		
Payments to acquire stock of affiliated company	(144,005)	
Purchase of furniture and equipment	(14,791)	
Payments to develop patents	(54,509)	
Construction in process	(80,570)	
Deposits and other	(26,122)	-0-
Cash flow used in investing activities	(319,997)	-0-
FINANCING ACTIVITIES		
Proceeds from the issuance of common stock	1,811,780	
Common Stock issued to acquire affiliated company	67,995	
Payments related to the issuance of common stock	(76,804)	
Payment on notes payable	(75,000)	160
Cash flow provided from financing activities	1,727,971	(160)
INCREASE IN CASH AND CASH EQUIVALENTS	399,676	(160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	72,980	160
CASH AND EQUIVALENTS AT END OF PERIOD	$ 472,656	$ -0-

See notes to consolidated financial statements.

SPORTSWORLD 2000, INC. AND SUBSIDIARIES
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Statement of Information Furnished

The accompanying consolidated financial statements as of March 31, 1992 and for the quarters ended March 31, 1992 and 1991 are unaudited. However, these financial statements reflect all normal and recurring adjustments, which are, in the opinion of management necessary for a fair presentation of the results of operations and cash flow for the quarters ended March 31, 1992 and 1991.

These unaudited financial statements should be read in conjunction with the Company's most recent audited financial statements for the year ended December 31, 1991.

2. Private Offering of Common Stock

On April 14, 1992 the Company completed a private offering of Common Stock. The Company issued and sold two million (2,000,000) shares of unregistered common stock for one ($1.00) dollar per share.

On April 14, 1992 the Company authorized a private offering of the sale of two million (2,000,000) shares of unregistered common stock for three dollars ($3.00) per share. This private offering will expire on July 13, 1992, subject to extension of the offering period by Company Management.

3. Commitments

The Company has leased vehicles under non-cancellable operating leases as compensation for employees, consultants, and company cars for $89,316 per year.

4. Notes Payable

A 10% note payable for $1,314,000 for the installment purchase of assets, which are utilized by SSC, the Company's subsidiary, is due to Puppet Koolers Industries, Inc.

5. Acquisitions

On April 20, 1992, the Company executed an Agreement with Joel Platt and his wholly owned corporation, Game Day Institute, Inc. (GDI), a Florida corporation, to acquire GDI, which holds a ninety-nine year license for the use and display of items from a substantial sports memorabilia collection.

5. Acquisitions (Continued)

The Agreement stipulates, as conditions subsequent, that the Company must obtain a suitable site and financing in the amount of forty-five million ($45,000,000) to build a sports memorabilia building.

The terms of the merger agreement require the Company to issue 26,150,000 shares of unregistered common stock of the Company in exchange for all of the issued and outstanding stock of the corporation, which owns the ninety-nine year license, and to pay an annual license fee of twelve and one-half percent (12.5%) of the gross revenue from the future income of the sports memorabilia buildings in exchange for the use and display of the sports memorabilia items.

As a condition subsequent of above-modified Platt agreement, the company has agreed to increase the authorized common stock of the Company to 70,000,000 shares.

On March 31, 1992, the Company acquired 100% of the issued and outstanding stock of the Country Classic Realty and Development,Inc. for $144,005 and 7,150,000 shares of unregistered fully paid non-assessable common stock of the Company. Country Classic Realty and Development,Inc., a Florida Corporation, holds the rights to purchase and develop a 2,200 acre tract of land in Polk County, Florida, which land has been approved by Polk County for development under a Development of Regional Impact Resolution, dated October 16, 1990. The Company's president and a director of the Company are the beneficial owners of Country Classic Realty, Inc.

PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

First Quarter 1992 Compared with First Quarter 1991

The Company's revenues for the quarter ended March 31, 1992 were $14,534 as compared to $0 for the quarter ended March 31, 1991. The revenues originated from sales generated by (MSI) Microsonics International, Inc. and (SSC) Superstar Collectibles, Inc. (two subsidiaries acquired in the fourth quarter of 1991). Revenues within these subsidiaries are expected to increase substantially by the third and fourth quarter of 1992 in that major sales contracts are currently in negotiations for each subsidiary.

Sportsworld 2000's cash flow increased from $0 for the first quarter of 1991 to $472,656 for the first quarter in 1992. This was primarily achieved by proceeds from the issuance of common stock offset by payments related to the issuance, and operating costs of SSC and MSI.

During 1991, operating expenses increased from $17 for the first quarter of 1991 to $1,089,099 for the first quarter in 1992. This operating expense increase is chiefly due to administrative, consulting and professional costs related to operating MSI, SSC, and general administrative costs of managing Sportsworld 2000, Inc. (The increase in net loss from 1990 to 1991 first quarters is similar to the operating expense increase.)

Loss per share in 1991 was .08 based on a weighted average number of shares of 13,124,666.

Liquidity and Capital Resources

As stated previously, cash at the end of the first quarter 1992 was $472,656. During this first quarter, the Company's principal source of funds were proceeds from the issuance of common stock in a private placement offering. Cash flow will continue to fluctuate in 1992 due to the continued efforts to raise capital through the issuance of common stock.

On October 16, 1991, the Board of Directors of the Company authorized a private placement offering to seek up to $1,000,000 through issuing 1,000,000 shares of common stock. The private placement was closed effective as of December 31, 1991.

On January 16, 1992, the Board of Directors of the company authorized the Company, through a Private Placement Offering, to sell up to an additional 2,000,000 shares of its common stock at a price of $1.00 per share. This Private Placement was completed on April 14, 1992. The Company realized approximately $1,700,000 in cash and $300,000 in subscription receivables, which are expected to be paid to the Company in cash within 30 days.

The only material commitment for capital expenditures at March 31, 1992 is in the form of a note payable to Puppet Kooler Industries, Inc. in the amount of $1,314,000 for the installment purchase of assets which are utilized by SSC, the company's subsidiary.

PART II
OTHER INFORMATION

Item 1 - Legal Proceedings

None

Item 2 - Changes in Securities

None

Item 3 - Default Upon Senior Securities

None

Item 4 - Submission of Matters to a Vote of Security Holders

None

Item 5 - Other Information

On March 1, 1992, the Board of Directors appointed Kent W. Moser as the Company's Chief Financial Officer.

Subsequent Events

The Company filed a report on Form 8-K dated April 20, 1992 which items are summarized and discussed as follows:

1. On April 14, 1992, the Company completed a private placement of 2,000,000 shares of the Company's unregistered common stock at a price of $1.00 per share.

2. On April 14, 1992 the Company authorized a new private placement offering for the sale of 2,000,000 shares of the Company's unregistered common stock at an offering price of $3.00 per share, which offering will expire on July 13, 1992, subject to an extension of the offering period by company management.

3. On February 14, 1992 the Company entered into a written agreement with Joel Platt, GDI, and others, which agreement was subject to certain conditions precedent which were to occur within five business days from the date of the agreement. The company did not comply with all conditions precedent within the required five business days. On April 20, 1992, the Company concluded negotiations and entered into a written Agreement which modified the February 14, 1992 Agreement between the Company and Joel Platt. The modified agreement provides that Platt merge his wholly owned corporation, which has a ninety-nine year license for the use and display of the tangible sports memorabilia collection. The Company and Platt have agreed that the Company will develop a Sports Immortals Museum for the display of the tangible property in the collection.

The Company is currently pursuing arrangements to inventory and value this collection which has been described by the Smithsonian Institute as the "largest collection of memorabilia on all sports in the world". The valuation shall be performed by an independent firm with a substantial reputation which is known for appraising unique collections.

Although this valuation has not been completed, it is conservatively estimated by management that this collection will **increase the Company's assets by a minimum of** $10,000,000, and that the actual value of the collection will be substantially higher.

4. As a condition subsequent of the above modified Platt agreement, the Company has agreed to increase the authorized common stock of the Company to 70,000,000 shares.

5. On April 14, 1992 the Company acquired 100% of the issued and outstanding stock of Country Classic Realty and Development, Inc., a Florida Corporation (CCR). CCR has contractual rights to purchase and develop approximately 2,200 acres located in Polk County, Florida.

6. The Company has decided not to proceed with its planned acquisition of the Radisson Main Gate Hotel in Kissimmee, Florida.

7. On April 14, 1992, the Board of Directors of the Company elected Joel Platt to the Board of Directors as its Chairman, elected additional Directors of the Company, and elected Advisory Board members.

Item 6 - Exhibits and Reports on Form 8-K

The Company filed a report on Form 8-K dated April 11, 1992 reporting that the Grand Prairie transaction, which the Company bought interests in on October 25, 1991, was a contingent transaction, which contingency failed. An agreement was reached on March 27, 1992 among related parties settling all consideration items.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly report to be signed on behalf by the undersigned, thereunto duly authorized.

4/20/92
Date

Kent W Moser
Kent W. Moser
Chief Financial Officer
Sportsworld 2000, Inc. and
subsidiaries

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________________ to ____________________.

Commission File Number: 1-8833

BIG O TIRES, INC.
(Exact name of registrant as specified in its charter)

Nevada	87-0392481
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

11755 East Peakview Avenue
Englewood, Colorado 80111
(Address of Principal Executive Offices)

PROCESSED BY
12-12-V
MAY 6 1992

(303) 790-2800
(Registrant's Telephone Number, Including Area Code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes _X_ No ___

The number of shares of registrant's common stock outstanding on April 28, 1992 was 17,454,376.

The total number of pages is 12.

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AVAILABLE

BIG O TIRES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 Unaudited	December 31, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,239,200	$ 1,873,200
Trade accounts receivable, net of allowance for doubtful accounts	9,998,500	9,191,600
Vendor receivables	2,507,200	2,821,100
Other receivables	1,164,500	1,058,300
Current portion of notes receivable:		
Related parties	429,700	478,500
Other	955,400	940,700
Inventories	17,201,900	13,839,000
Other current assets	2,426,100	2,302,900
Total current assets	35,922,500	32,505,300
NOTES RECEIVABLE, net of current portion:		
Due from related parties	501,500	563,700
Other	2,644,500	2,428,100
	3,146,000	2,991,800
PROPERTY, PLANT AND EQUIPMENT	15,980,200	15,704,400
Less accumulated depreciation and amortization	(3,508,000)	(3,138,000)
	12,472,200	12,566,400
INTANGIBLE AND OTHER ASSETS:		
Distribution rights	8,517,400	8,577,800
Agreements not to compete	87,500	166,000
Equity in joint ventures and unconsolidated subsidiaries	1,231,100	1,107,000
Other	1,981,400	2,017,600
	11,817,400	11,868,400
TOTAL ASSETS	$ 63,358,100	$ 59,931,900

BIG O TIRES, INC.
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 1992 Unaudited	December 31, 1991
CURRENT LIABILITIES:		
Accounts payable	$ 11,036,700	$ 4,484,800
Accrued expenses	3,319,700	3,446,900
Warranty reserve	2,504,000	2,354,000
Current portion of long-term debt and capital lease obligations	1,668,100	1,558,300
Total current liabilities	18,528,500	11,844,000
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, net of current portion	10,944,000	14,648,100
DEFERRED GAIN	218,600	227,500
DEFERRED INCOME TAXES	611,700	623,700
EMPLOYEE STOCK OWNERSHIP PLAN OBLIGATIONS	1,679,100	1,656,400
SHAREHOLDERS' EQUITY:		
Common stock	352,600	352,500
Capital contributed in excess of par	19,013,100	19,011,800
Retained earnings	13,815,300	13,350,000
	33,181,000	32,714,300
Less: Employee stock ownership plan obligations	(1,679,100)	(1,656,400)
Treasury stock	(125,700)	(125,700)
	31,376,200	30,932,200
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 63,358,100	$ 59,931,900

-See notes to consolidated financial statements-

BIG O TIRES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended March 31,	
	1992	1991
SALES, net	$ 24,580,100	$ 21,956,300
COST OF SALES	18,889,000	17,021,100
GROSS PROFIT	5,691,100	4,935,200
EXPENSES, net:		
Selling and administrative, net	4,602,600	4,743,500
Interest expense	286,200	462,700
	4,888,800	5,206,200
INCOME (LOSS) BEFORE INCOME TAXES	802,300	(271,000)
PROVISION (BENEFIT) FOR INCOME TAXES:		
Current	385,100	(125,200)
Deferred	(48,100)	(10,300)
	337,000	(135,500)
NET INCOME (LOSS)	$ 465,300	$ (135,500)
EARNINGS (LOSS) PER SHARE	$ .03	$ (.01)
WEIGHTED AVERAGE SHARES OUTSTANDING	17,463,813	17,520,624

-See notes to consolidated financial statements-

BIG O TIRES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 465,300	$ (135,500)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	254,000	273,800
Amortization of intangibles	172,000	158,700
Other	5,900	27,500
Cash flows from changes in working capital	2,123,200	(53,900)
Total adjustments	2,555,100	406,100
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,020,400	270,600
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in notes receivable	(56,000)	--
Payments received on notes receivable	233,000	250,700
Proceeds from sales of property and equipment	--	8,800
Equity investments in affiliates	(64,200)	(10,000)
Purchase of property and equipment	(224,800)	(123,100)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(112,000)	126,400
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt and capital lease obligations	(3,543,800)	(560,900)
Other	1,400	200
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(3,542,400)	(560,700)
NET INCREASE (DECREASE) IN CASH	(634,000)	(163,700)
CASH AT BEGINNING OF PERIOD	1,873,200	1,182,800
CASH AT END OF PERIOD	$ 1,239,200	$ 1,019,100

-See notes to consolidated financial statements-

BIG O TIRES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Unaudited)

	For the three months ended March 31, 1992	For the three months ended March 31, 1991
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 307,800	$ 464,900
Income taxes	298,700	--
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accounts receivable transferred to long-term notes receivable	214,400	112,000
Inventory provided as an equity investment in joint ventures	119,700	--
Treasury stock issued in satisfaction of accrued obligation	--	125,800

BIG O TIRES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 1992 AND 1991
UNAUDITED

Item 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

REFERENCE TO ANNUAL REPORT:

These financial statements should be read in conjunction with the Annual Report on Form 10-K for the year ended December 31, 1991, since certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). The interim financial statements reflect all adjustments which are, in the opinion of Management, necessary for a fair presentation of financial position, results of operations, and cash flows as of and for the interim periods presented. Such adjustments are of a normal recurring nature. Operating results for the three months ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ending December 31, 1992.

STOCK OPTION PLANS:

On January 1, 1992, the Company granted options for 88,837 shares of the Company's $0.02 par value common stock to certain directors and employees who elected to participate in the Big O Tires, Inc. Director and Employee Stock Option Plan. On January 14, 1992, the Company also granted options for 201,800 shares of the Company's $0.02 par value common stock to certain officers of the Company in connection with the Big O Tires, Inc. Long Term Incentive Plan. As of March 31, 1992, the liability for the options which were granted pursuant to the Big O Tires, Inc. Director and Employee Stock Option Plan was $9,000.

CREDIT FACILITY:

In October, 1991, the Company executed a Loan and Security Agreement with its primary lender that provided a $3,000,000 term loan (of which $1,859,300 was advanced to the Company in November, 1991, and the remaining $1,140,700 was provided in April, 1992), and a revolving line of credit of $12,000,000 which is limited to a portion of eligible collateral and is further reduced by the amount of any outstanding letters of credit issued by the lender on behalf of the Company. The remaining proceeds of $1,140,700 from the term loan were used in April, 1992 to retire the Company's subordinated promissory notes and certain other long term debt.

The agreement also contains various covenants and restrictions (including a restriction which precludes the payment of cash dividends or the return of capital to shareholders) with which the Company was in compliance at March 31, 1992.

ESOP OBLIGATION:

In April, 1991, the Big O Tires, Inc. Employee Stock Ownership Plan ("ESOP") acquired 2,305,038 shares of the Company's $.02 par value common stock from four (4) shareholders at market value which resulted in cash and promissory notes being issued to the four shareholders in exchange for the stock. Funds to meet the ESOP's 1991 and 1992 debt service requirements were contributed by the Company in accordance with its normal operations. In April, 1992, the ESOP paid a total of $481,800 in satisfaction of the 1992 debt service requirements for three (3) of the notes, and is paying monthly installments through October, 1992, to meet the 1992 debt service requirements for the remaining note. Payments on this note were current as of April 28, 1992. Funds to meet future debt service requirements for these notes are anticipated to be obtained from future contributions by the Company to the ESOP in accordance with its normal operations.

JOINT VENTURES:

During 1992, the Company and one of its subsidiaries, Big O Retail Enterprises, Inc., entered into joint venture agreements with two of its franchisees to operate retail stores in California and Wyoming. The Company contributed inventories in the amount of $55,000 in exchange for a 50% interest in each joint venture.

EARNINGS PER SHARE:

Earnings per share is computed using the weighted-average number of outstanding shares during each period presented. Inclusion of common stock equivalents did not have a material effect on the computation.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

FINANCIAL CONDITION:

Working Capital

At March 31, 1992, the Company had $17,394,000 in working capital (defined as current assets less current liabilities), which represented a net decrease of $3,267,300 from December 31, 1991. Working capital was used for payment of long term debt ($3,543,800), capital expenditures ($224,800), and additional investments in affiliates (primarily a real estate joint venture) of $183,900. The primary sources of working capital were payments received on notes receivable of $233,000, and $897,000 generated by operations (including $426,000 through depreciation and amortization).

The Company's trade receivables at March 31, 1992, increased by $806,900 as compared to December 31, 1991. The increase in trade receivables resulted from the effect of new store openings, higher sales volumes during the first quarter, and slower receivables collections which normally occur during the first two months of each year. Trade receivables at March 31, 1992, decreased by $396,500 as compared to March 31, 1991, which was primarily attributable to improved collections of the account balances, and the transfer of accounts receivable to long-term notes receivable of $214,400 during the first quarter of 1992. Management believes that the establishment of credit limits for all franchisees and the implementation of a new computerized credit approval process in April, 1992, will continue to improve the collection of accounts receivable and reduce the Company's credit risk.

Inventories at March 31, 1992, increased by $3,362,900 as compared to the inventory balances at December 31, 1991. The increase in inventory during the first quarter, 1992, represents a normal increase in stocking levels to provide an adequate supply of products to meet the increasing sales volumes which normally occur during the second quarter of each year. However, the inventory balance at March 31, 1992, does represent a decrease of $1,667,500 as compared to March 31, 1991, which was primarily attributable to a reduction of inventory levels for the ProComp wheel line of $1,669,000. This reduction includes a return of $1,100,000 of ProComp wheels to the supplier for which the Company accepted trade credit in December, 1991.

Accounts payable at March 31, 1992, increased $6,551,900 as compared to the balance at December 31, 1991, and have increased by $3,304,200 as compared to March 31, 1991. The Company's accounts payable were significantly reduced at December 31, 1991, due to the use of "anticipation discounts" offered by certain suppliers. These discounts result from the early payment of invoices and are in addition to normal cash discounts. In January, 1992, these suppliers reduced their anticipation discounts to all of their customers. As a result of these reductions, the Company's incremental interest expense would exceed any benefit from anticipating these invoices. Therefore, the accounts payable balance at March 31, 1992, reflects a normal increase in vendor account balances resulting from the purchase of additional inventory during the first quarter of 1992.

On October 15, 1991, the Company completed its refinancing arrangements with a new lender which provided a revolving line of credit of $12,000,000, and a term loan which had a balance of $3,000,000 as of April 3, 1992. The decrease of $6,495,300 in the current portion of long-term debt at March 31, 1992, as compared to March 31, 1991, reflects the reclassification of the Company's primary credit facility from current to long-term as a result of the completion of these refinancing arrangements.

Approximately $1,859,000 of the term financing was used in November, 1991, to prepay the certificates of participation that previously financed the construction of the Vacaville Regional Sales and Service Center. In April, 1992, the remaining proceeds of the term financing (approximately $1,141,000) were used to pay the remaining principal and accrued interest of the Company's existing subordinated promissory notes and certain other senior notes which had higher interest rates. These notes had varying maturity dates through June, 1994 and, if they had not been prepaid, would have required cash outflows of $670,100 in 1992, $541,400 in 1993, and $37,300 in 1994.

The reduction of long-term debt and capital lease obligations at March 31, 1992, in the amount of $3,704,100 as compared to December 31, 1991, resulted primarily from net payments on the Company's revolving line of credit ($3,278,800), principal payments of other long-term debt and capitalized lease obligations ($265,000), and an increase in the current maturities of long-term debt ($109,800).

The Company is continuing to evaluate the need for expanded facilities to meet anticipated retail store growth in the Southeast Region, and has optioned eight (8) acres of property in southern Indiana. The Company anticipates building a $1.7 million facility which will require construction financing in 1992 and permanent financing in 1993.

In an effort to increase retail store expansion, the Company organized three (3) retail store joint ventures which opened two (2) retail stores in 1991 and has thus far opened three (3) retail stores in 1992. Under this joint venture concept, the Company contributes inventories in the amount of $55,000 in exchange for a 50% interest in each joint venture. The Company anticipates opening as many as three (3) additional stores in 1992 which may require at least $165,000 for its equity contribution to these joint ventures. Depending on the success of this program, the Company may be required to provide similar (or increased) amounts of funding for the program in future years. In addition, the Company is also attempting to secure debt financing ranging from $80,000 - $120,000 per joint venture retail store, which will be a joint and severable obligation of the respective joint ventures.

The joint venture partner for one of the retail stores which was opened in 1991 has indicated that he wishes to terminate the joint venture operation of that store. Accordingly, the Company has tentatively agreed to assume complete ownership of the store (which is located in Mesa, Arizona), and will operate it both as a Company-owned retail store and as a new franchisee training center. The Company will be obtaining lease financing for the equipment located in the retail store and has also provided $100,000 of funding for the store's inventory and working capital requirements.

Additional working capital needs which may be required in 1992 and 1993 include prepayments required under the Company's term loan to its primary lender, financing for continued real estate development activities, financing for additional retail store joint venture activities, and additional accounts receivable and inventory financing for new retail stores. The additional working capital requirements for inventory and accounts receivable associated with the opening of new retail stores will substantially be met by the revolving line of credit provided by General Tire, Inc., but additional financing will be required from the Company's revolving line of credit with its primary lender and through anticipated cash flow from operations in order to satisfy all of these needs.

Inflation and Price Changes

The Company has been informed of projected price increases from its suppliers of 3 - 5% on tires and other ancillary products which are scheduled to become effective on May 1, 1992. The effect of inflation is not material in relation to total sales for the first quarter, 1992.

RESULTS OF OPERATIONS:

Revenues

Net sales for the first quarter of 1992 increased $2,623,800 as compared to the corresponding period for 1991. Part of this significant increase is attributable to reduced sales during the first quarter of 1991 because of the turmoil related to the Persian Gulf situation. However, improved pricing and increased product sales also contributed to this 1992 sales increase, as the Company recorded its highest first quarter sales volume. The sale of Big O brand units increased by approximately 53,300 units (an increase of 23.3%) during the first three months of 1992, and the average selling price increased by approximately $1.00 per unit as compared to the first quarter of 1991. The increase in sales was also attributable to additional sales to new franchisee owned stores of $1,391,000, and an increase in sales to its existing franchisees of $1,439,000. The Company also experienced sales increases of $463,000 from new Company-owned stores, sales to Canadian retail stores of $379,000, and an increase in royalty revenues of $272,000 which resulted from an increased level of retail sales by the Company's domestic Big O Tire dealers. However, these increases were partially offset by a decrease in sales of $433,000 which resulted from the closing of franchisee and Company-owned stores which had been operating during the first quarter of the prior year, and a decrease in revenues of $644,000 which resulted from the sale of Company-owned retail stores that were in operation during the first quarter, 1991.

Gross Profit

Gross profit for the first quarter, 1992, increased by $755,900 as compared to the first quarter, 1991, and the Company's gross margin was 23.2% for the first quarter, 1992, which represented a .67% increase as compared to the first quarter of 1991. An increase in gross profit of $590,000 was attributable to the higher sales volumes which were recorded in the first quarter of 1992, with additional gross profit of $164,700 being attributable to the increase in the gross margin. The Company also realized additional gross profit of $155,000 from an increase in price change income for the first quarter, 1992, as compared to the prior year, but this additional gross profit was offset by an increase in the Company's warranty expense of $169,000 during this same period.

Expenses

The Company's selling and administrative expenses ("S&A Expense") decreased by $140,900 during the first quarter, 1992 as compared to the same period for 1991. This decrease in S&A Expense was primarily attributable to a net reduction of $343,000 in expenses associated with the operation of Company-owned retail stores. This expense reduction resulted from the sale or closure of Company-owned retail stores which operated during the first quarter of 1991. This decrease in expense was partially offset by an increase in payroll costs of $115,500, additional promotional expense of $50,200 and additional bad debt expense of $43,600.

Interest expense decreased by $176,500 during the first quarter, 1992, as compared to the prior year, primarily due to reduced borrowing which resulted from lower working capital needs, and an overall reduction in interest rates. The Company expects interest expense to increase during the second and third quarters of 1992 (as compared to the first quarter) due to increased borrowings to finance growth in its operations (primarily receivables and inventories); however, interest costs are also a direct function of market rates, particularly with respect to the Company's variable rate loans, and any increase (or decrease) in the prime interest rate will directly affect the Company's interest expense.

PART II

OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

a. Exhibits.

None.

b. Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 28, 1992

BIG O TIRES, INC.

By: ______________________

John B. Adams
Executive Vice President
and Principal Financial
Officer

By: ______________________

Robert L. Puckett
Principal Accounting
Officer

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TIES AND EXCHANGE COMMISSION
Washington, DC 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended February 29, 1992

Commission File No. 33-7445-D

NSA, INC
(Exact Name of Registrant as Specified in its Charter)

Colorado
(State of other jurisdiction of incorporation or organization)

84-1041430
(I.R.S. Employer Identification No.)

P O BOX 6408 Denver, Colorado 80206
(Address of principal executive offices) (Zip Code)

(303) 369-4967
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all annual, quarterly and other reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes X No ____
(2) Yes X No ____

24,843,252 common shares were outstanding as of February 29, 1992.

NSA, INC.

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NSA, INC.

CONSOLIDATED BALANCE SHEET

ASSETS

	February 29, 1992 Unaudited	May 31, 1991
Current Assets:		
Cash in Bank	$ 80,486	$ 86,239
Total current assets	80,486	86,239
Property and equipment, net of accumulated depreciation of $5,830 and $4,908	305	1,226
	$ 80,791	$ 87,465

See accompanying notes.

NSA, INC.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	February 28, 1992 Unaudited	May 31, 1991
Current liabilities:		
Stockholders' equity:		
Preferred stock, $.0001 par value; 100,000,000 shares authorized, none issued	-	-
Common stock, $.0001 par value; 800,000,000 shares authorized, 24,843,252 issued and outstanding	2,484	2,484
Additional paid-in capital	653,208	653,208
Accumulated deficit	(574,901)	(568,227)
Total stockholders' equity	80,791	87,465
	$ 80,791	$ 87,465

See accompanying notes.

NSA, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended February 29, 1992	Three Months Ended February 29, 1991	Nine Months Ended February 29, 1992	Nine Months Ended February 29, 1991
Net sales	$ -	$ -	$ -	$ -
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Selling, general and administrative	3,082	1,044	8,744	6,833
Depreciation	307	307	921	921
Total expenses	3,390	1,351	9,665	7,754
Other income:				
Interest income	805	1,337	2,991	4,323
Net (Loss) Gain (Note 3)	$(2,585)	$(14)	$(6,674)	$(3,431)
Net loss per share of common stock	$ *	$	* $	* $
*				

*Less than $.001 per share

See accompanying notes.

NSA, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Nine Months Ended February 29, 1992
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated
	Shares	Amount	Capital	Deficit
Balance at May 31, 1988	59,109,900	$ 5,911	$649,781	$(525,903)
Return and cancellation of restricted shares	(34,266,648)	(3,427)	3,427	
Net loss for the year ended May 31, 1989	-	-	-	(24,598)
Balances May 31, 1989	24,843,252	$ 2,484	$653,208	$(550,501)
Net loss for the year ended May 31, 1990	-	-	-	(13,431)
Balances May 31, 1990	24,843,252	$ 2,484	$653,208	$(563,932)
Net loss for the year ended May 31, 1991	-	-	-	(4,295)
Balances May 31, 1991	24,843,252	$ 2,484	$653,208	$(568,227)
Net loss for the nine months Ended February 29, 1992	-	-	-	(6,674)
Balances February 29, 1992	24,843,252	$ 2,484	$653,208	$(574,901)

See accompanying notes.

NSA, INC.

CONSOLIDATED STATEMENT OF CASH FLOW

(Unaudited)

	Three Months Ended February 29,		Nine Months Ended February 28,	
	1992	1991	1992	1991
CASH FLOW FROM OPERATIONS:				
Net (Loss) Gain	$ (2,585)	$(14)	$(6,674)	$(3,431)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation and Amortization	307	307	921	921
CHANGE IN ASSETS AND LIABILITIES:				
TOTAL ADJUSTMENTS	307	307	921	921
(LOSS) GAIN FROM OPERATIONS	(2,278)	293	(5,753)	(2,510)
NET (DECREASE) INCREASE IN CASH	(2,278)	293	(5,753)	(2,510)
Cash at Beginning of Period	82,764	86,504	86,239	89,307
CASH AT END OF THE PERIOD	$ 80,486	$ 86,797	$80,486	$ 86,797

NSA, INC.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Unaudited)

	Three Months Ended February 29,		Nine Months Ended February 29,	
	1992	1991	1992	1991
Application of Funds:				
Operations:				
Net (loss) Gain	$ (2,585)	$(14)	$(6,674)	$(3,431)
Less depreciation and amortization not requiring working capital in the current period	307	307	921	921
Working capital applied to operations	(2,278)	293	(5,753)	(2,510)
(Decrease) Increase in working capital	$(2,278)	$ 293	$(5,753)	$ (2,510)

See following page for changes in elements of working capital.

See accompanying notes.

NSA, INC.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (CONTINUED)

(Unaudited)

	Three Months Ended February 29,		Nine Months Ended February 29,	
	1992	1991	1992	1991
Changes in elements of working capital:				
Increase (decrease) in current assets:				
Cash, including interest bearing accounts	$(2,278)	$ 293	$(5,753)	$(2,510)
	(2,278)	293	(5,753)	(2,510)
Increase (decrease) in current liabilities:				
	-	-	-	-
(Decrease) Increase in working capital	$ (2,278)	$ 293	$(5,753)	$(2,510)

see accompanying notes.

NSA, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

February 29, 1992

1. Basis of presentation

The balance sheet as of February 29, 1992 and May 31, 1991, the statement of operations for the Nine months ended February 29, 1992 and 1991, the statement of changes in financial position for the Nine months ended February 29, 1992 and 1991, the statement of cash flow for the Nine months ended February 29, 1992 and 1991 and the statement of stockholder's equity for the Nine months ended February 29, 1992, have been prepared by the Company, without audit. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the financial position as of February 29, 1992 and 1991, and the results of operations and changes in financial position for the periods ended February 29, 1992 and 1991.

NSA, Inc. (the Company) was incorporated on May 9, 1986, under the laws of the State of Colorado. The Company filed a registration statement with the Securities and Exchange Commission under the Securities Act of 1933, the effective date of which was July 23, 1987. (See Note 2.)

2. Capital stock

At February 29, 1992, the following warrants were outstanding:

	Exercisable Until	Exercise Price	Warrants Outstanding
Class B	March 31, 1992	$.20	6,482,500
Class C	March 31, 1992	$.25	6,500,000
			12,982,500

3. **Income taxes**

No provision for income taxes is required at February 29, 1992, because the Company has incurred losses since inception. Net operating losses may be carried forward to offset future taxable income. Consolidated net operating loss carry forwards of approximately $574,901 at February 29, 1992, if not used approximately $160,000 will expire in year 2002 and $370,903 will expire in year 2003 and 19,598 will expire in year 2004 and $13,431 will expire in year 2005, and $4,295 will expire in the year 2006 and $6,674 will expire in the year 2007.

4. **Net loss per share**

Net loss per share is based on the weighted average number of shares of common stock outstanding during the period (approximately 24,843,252 shares for the Nine months ended February 29, 1992).

NSA, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

February 29, 1992

Item 1. Legal Proceedings.

Not applicable.

Item 2. Changes in Securites and Control of registrant.

Not applicable.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Submission of matters to a Vote of Security Holders.

Not applicable

Item 5. Other Information.

Not applicable

Item 6. Exhibits and Reports on Form 8-K.

Not applicable.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized.

NSA, INC.

By: ______________________________
Paul V Vaccaro, President
and Chief Executive Officer,
and Principal Financial
Officer

Date: March 31, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992 Commission File Number 0-17827

SECTOR ASSOCIATES, LTD.
(Exact name of Registrant as specified in its charter)

Delaware	11-2788282
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
16507 N.W. 8th Avenue Miami, FL	33169
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: (305) 653-5997

N/A
(Former name and address)

Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or, 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ______.

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the close of the period covered by this Report.

21,379,108 shares of Common Stock $.005 par value were issued and outstanding at March 31, 1992.

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SECTOR ASSOCIATES, LTD.

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SECTOR ASSOCIATES, LTD AND SUBSIDIARY

Part I

Item 1. Condensed consolidated financial statements

The accompanying condensed consolidated balance sheet as of March 31, 1992, the condensed consolidated statements of operations and the condensed consolidated statements of cash flows for the three months and nine months ended March 31, 1992 and 1991 have been prepared by the Company, without audit. The above-mentioned condensed financial statements were prepared combining financial statements of the Company and ToSI, Inc. (ToSI) in a manner similar to a pooling of interests. In the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at March 31, 1992 have been made.

Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the June 30, 1991 Form 10K. The results of operations for the period ended March 31, 1992 are not necessarily indicative of the operating results for the full year.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Balance Sheets

	March 31 1992 (unaudited)	June 30 1991
Current assets:		
Cash	29,242	282,153
Receivables, net	106,515	95,900
Other	-0-	17,719
Merchandise inventory	549,563	1,948,178
Prepaid expenses	168,906	117,004
Total current assets	854,226	2,460,954
Restricted cash	-0-	600,000
Due from affiliates, net	1,899,096	1,987,056
Note Receivable	1,000,000	-0-
Leasehold rights, net	372,117	388,788
Property and equipment, net	350,119	379,086
Other assets	12,649	40,176
Total assets	4,488,207	5,856,060

Liabilities and Stockholders' Equity

	March 31 1992 (unaudited)	June 30 1991
Current liabilities:		
Current portion-long-term debt	-0-	3,673
Accounts payable & accrued expenses	1,075,358	2,016,500
Customers' deposits	416,984	1,278,687
Notes payable-principal supplier, current portion	171,015	315,843
Total current liabilities	1,663,357	3,614,703
Deferred credits	106,273	109,019
Note payable to principal supplier Net of current portion	28,512	-0-
Due to affiliates	1,152,806	-0-
Total liabilities	2,950,948	3,723,722

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Balance Sheets (continued)

	March 31 1992 (unaudited)	June 30 1991
Liabilities and Stockholders' Equity (continued)		
Cumulative redeemable preferred stock, subject to immediate redemption by holder, at involuntary liquidation preference $100 per share or an aggregate of $400,000 at March 31, 1992 and $1,050,000 at June 30, 1991; issued and outstanding 4,000 shares at March 31, 1992 and 10,500 shares at June 30, 1991	400,000	1,050,000
Stockholders' equity:		
Preferred stock; $.01 par value; authorized 2,300,000 shares		
Series A cumulative redeemable preferred stock at fair value issuance; authorized 200,000 shares; $.01 par value; issued and outstanding 66,949 at March 31, 1992 and 58,199 at June 30, 1991; involuntary liquidation preference, $100 per share or an aggregate of $6,694,900 at March 31, 1992 and $5,819,900 at June 30, 1991	6,302,829	5,427,828
Common stock, par value $.005 per share; 50,000,000 shares authorized; 21,579,108 shares at March 31, 1992, and at June 30, 1991 issued and outstanding.	107,895	107,895
Additional paid-in capital	1,699,795	1,699,795
Accumulated deficit	(6,972,010)	(6,151,930)
Receivable for Common Stock	(1,250)	(1,250)
Total stockholders equity	1,137,257	1,082,340
Total liabilities and stockholders' equity	4,488,207	5,586,060

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATED, LTD. AND SUBSIDIARY

Condensed Consolidated Statements of Operations

	Nine Months Ended March 31 (unaudited)	
	1992	1991
Sales	5,967,547	7,198,454
Cost of sales	3,848,931	4,146,907
Gross profit	2,118,616	3,051,547
Operating expenses	2,844,086	4,131,967
Operating income (loss)	(725,470)	(1,080,420)
Other income (expense)	(8,210)	149,339
Income (loss)	(733,680)	(931,081)
Less: Dividends paid on redeemable preferred stock	87,000	133,500
Net income (loss) applicable to common stockholders.	(820,680)	(1,064,581)
(Loss) income per common share	(.04)	(.05)
Weighted average common shares outstanding	21,579,108	21,173,996

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATED, LTD. AND SUBSIDIARY

Condensed Consolidated Statements of Operations

	Three Months Ended March 31 (unaudited)	
	1992	1991
Sales	1,233,227	2,758,613
Cost of sales	856,375	1,576,300
Gross profit	376,852	1,182,243
Operating expenses	(646,605)	142,266
Operating income (loss)	(269,753)	(239,023)
Other income (expense)	648	181,853
Income (loss)	(269,105)	(57,170)
Less: Dividends paid on redeemable preferred stock	-0-	43,500
Net income (loss) applicable to common stockholders.	(269,105)	(100,670)
(Loss) income per common share	(.01)	(.00)
Weighted average common shares outstanding	21,579,108	21,217,108

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Statement of Cash Flows
Increase (Decrease) in Cash
For the Nine Months Ending March 31, 1992 and 1991
(unaudited)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	(733,680)	(931,081)
Adjustments to reconcile net income (loss) to net cash (used in) provided from operating activities:		
Depreciated	40,723	76,763
Amortization	16,670	16,671
Changes in assets and liabilities:		
Decrease (Increase) restricted cash	600,000	-0-
Decrease (Increase) receivables-net	7,102	(55,641)
Decrease (Increase) inventories	1,398,615	339,775
Decrease (Increase) prepaid expenses	(51,901)	(72,004)
Decrease (Increase) other assets	27,528	(19,223)
Increase (Decrease) accounts payable and accrued expenses	(941,141)	17,412
Increase (Decrease) customer deposits	(861,703)	424,074
Increase (Decrease) deferred credits	(2,746	(12,357)
Net cash (used in) provided from operating activities	(500,533)	(215,611)
Cash flows from investing activities:		
Net (payments) proceeds to/from affiliates	1,240,766	207,745
Increase in Note Receivable	(1,000,000)	-0-
Purchase of property and equipment	(11,156)	(50,394)
Net cash used in investing activities	229,610	157,351
Cash flows from financing activities:		
Principal repayments on notes	(119,987)	(101,318)
Proceeds from issuance of common stock	-0-	400,526
Redemption of preferred stock	-0-	(150,000)
Issuance of Preferred Stock	225,000	-0-
Dividends paid on preferred stock	(87,000)	(133,500)
Net cash (used in) provided from financing activities	18,013	15,708
Net Increase (Decrease) in Cash,	(252,910)	(42,552)
Cash, beginning of period	282,152	179,852
Cash, end of period	29,242	137,300
	=======	=======

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Statement of Cash Flows (continued)
For the Nine Months Ending March 31, 1992 and 1991
(Unaudited)

Supplemental Disclosures of Cash Flow Information

Cash paid during the period for:	1992	1991
Interest	12,460	41,623

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Notes to condensed consolidated financial statements

Note 1 - Summary of significant accounting policies and other information.

A. Sector Associates Ltd, (Sector) (a Delaware Corporation) (formerly SRSI Capital Group, Inc. and Action Associates, Inc.) was formed in 1985 and is approximately 66 percent constructively owned by George G. Levin. Sector has one wholly-owned consolidated subsidiary, ToSI, Inc. (ToSI), which operates retail furniture stores in the South Florida region. Under an agreement with Thomasville Furniture Industries, Inc. of North Carolina (TFI), ToSI had exclusive rights to sell Thomasville furniture in designated geographical areas. This agreement was voided on August 7, 1989, with ToSI retaining the right to sell Thomasville furniture as well as other brands of furniture.

On March 24, 1989, Sector acquired all of the outstanding common stock of ToSI, Inc. and its substantially inactive wholly-owned subsidiaries (with a fiscal year-end of March 31) from affiliates in a transaction accounted for in a manner similar to pooling of interests.

In fiscal 1991, ToSI changed its year-end to June 30 to conform with that of Sector.

On December 12, 1991 the Company entered into an Area Development and Subfranchising Agreement with Koo Koo Roo, Inc., and owner, operator, and/or franchisor of fast food restaurants featuring broiled, skinless chicken. under the terms of this Agreement the Company has been granted the exclusive rights to develop and operate Koo Koo Roo restaurants in the Greater metropolitan areas of Atlanta, Georgia and Tampa, Clearwater and St. Petersburg, Florida. In addition, the Company is to have a right of first refusal for greater metropolitan Jacksonville, Florida. In turn, the Company will agree to open a specific number of Koo Koo Roo restaurants on an annual basis in each franchised territory. In addition, after a minimum number of restaurants have been opened in each territory, the Company has the right to subfranchise within that territory.

Note 2-Related Party Transactions

A. Due from affiliates

a. At 3/31/91, the Company was indebted to ToSI for $58,370 for advances. These advances occurred subsequent to the subsidiary's fiscal quarter end (December, 1990) and therefore were not eliminated in consolidation.

Note 2-Related party transactions (continued).

b. Georgetown Manor, Inc. (Georgetown) and its wholly-owned subsidiary was indebted to the Company for $1,899,095 at March 31, 1992 and $1,987,056 at June 30, 1991 respectively. The March 31, 1992 and June 30, 1991 indebtedness includes a valuation allowance of $1,462,675, and $1,213,341 respectively, which reduce amounts due from affiliates to an amount equivalent to the appraised value (net of mortgages and anticipated selling costs) of two properties owned by Georgetown.

c. Georgetown is currently involved a plaintiff in litigation with Ethan Allen, Inc. (Ethan) arising from the termination of a business agreement. Ethan has filed a counterclaim against Georgetown, which has denied any liability, and is defending the counterclaim. During February, 1991, Georgetown received a favorable verdict and was awarded approximately $5,000,000 in net damages. However, this matter is currently under appeal.

On November 13, 1989, Georgetown granted the Company a security interest in two properties, owned by Georgetown, in which two of the Company's retail stores were located. Georgetown intends on repaying its indebtedness to the Company through any monetary judgement received from the litigation with Ethan. In the event that Georgetown does not prevail in the appeal and is unable to repay its indebtedness, The Company will look to the security interest in these properties to satisfy the receivable.

d. During the quarter ended 3/31/92 ToSI received $19,000 from Classic Motor Carriages, a subsidiary of GGL Industries, (an entity owned by the Company's majority stockholder), in exchange for a Note Payable.

e. On January 31, 1992 the Company in exchange for a promissory note borrowed $1,000,000 from GGL Industries. GGL is 100% constructively owned by Mr. Levin, the Company's majority stockholder. The note bears interest at 10% annually. Subsequently the Company entered into an agreement (the Agreement) with Enviropact, Inc. (Enviropact) whereby Sector loaned Enviropact $1,000,000 with 10% annual interest. In exchange for the loan, Enviropact issued to the Company a Note secured by the assets of Enviropact including accounts receivables. As stipulated by the terms of the agreement, the Company may obtain up to 80% ownership of Enviropact.

Principal Supplier

Thomasville Furniture, Inc. (TFI) is the manufacturer of Thomasville furniture which, during the three months and nine months ended March 31, 1992 represents approximately 87%, or $1,072,907 and 78% or $4,657,471 respectively, of the Company's sales.

On August 7, 1989, TFI and ToSI entered into a settlement agreement to dismiss a court approved receivership. ToSI issued promissory note for $500,000, collateralized by its inventory. The promissory note is noninterest-bearing until December 31, 1989, after which time it bears interests at the rate of 18%. On December 20, 1989, ToSI and TFI agreed to extend the due date on the $500,000 promissory note to March 1, 1990, with monthly payments of principal and interest of $10,000. On May 21, 1990, the terms were modified to extend the due date to April 15, 1992 with monthly payments of principal and interest of $15,000 Interest will be at 2 points above prime rate with the payments first applied to interest and then principal. On November 1, 1991 the terms were modified to extend the Note until May, 1993.

On November 15, 1991 and pursuant to the Sixth Amendment to the Settlement Agreement between TFI and ToSI, TFI drew upon the Letter of Credit in the face amount of $600,000 and applied the proceeds to the outstanding balance of the Credit Line.

Pursuant to the Sixth Amendment to the Settlement Agreement on February 18, 1992, ToSI caused the balance of the reserve account ($100,000) to be paid to TFI for payment against outstanding invoices. The special account in which ToSI was depositing consumer payments for the purchase of TFI merchandise was subsequently closed. As of May 15, 1992, ToSI and TFI were negotiating the terms of the Seventh Amendment to the Settlement Agreement with regards to the credit line that TFI maintains for ToSI. In the interim, merchandise from TFI to ToSI has been moving based on a $150,000 credit line.

Amounts due TFI at March 31, 1992 and June 30, 1991 including the promissory note, aggregate $273,108 and $1,102.812, respectively, and are collateralized by ToSI's inventory.

Note 3-Contingencies

ToSI has been named in a lawsit with Ethan Allen, Inc. (Ethan), in which transactions between ToSI and Georgetown are being contested by Ethan. Ethan contends that since ToSI received certain properties from Georgetown it is liable to Ethan. Georgetown is also currently involved as plaintiff in a lawsuit with Ethan involving the termination of the business agreement. A favorable verdict was received on this matter during February, 1991 absolving ToSI of any liability. However, this matter is currently under appeal. It is management's opinion that the Company's consolidated financial statements will not be adversely affected by the result of this appeal.

Note 4-Capital stock

A. Cumulative redeemable preferred stock

a. Effective December 31, 1991 the Company limited to $5,500 (of which 4,000 remain outstanding) the number of shares of the Company's Series A cumulative redeemable preferred Stock that may be redeemed from the exercise of warrants.

b. Effective June 30, 1991, the Company issued 8,454 shares of Series A cumulative redeemable preferred stock with a liquidation value of $100 per share or $845,356 in the aggregate in payment of debt to companies affiliated by common control: GGL ($595,236) and Sector Investments, Inc. ($35,816) and the Company's beneficial majority stockholder ($214,304). These preferred stockholders have not waived their rights to earn or receive any dividend from the Company. Dividends in arrears at 3/31/92 on this issuance of Series A cumulative redeemable preferred stock is approximately $76,082.

c. In May 1989, the Company issued 45,745 shares of its Series A cumulative redeemable preferred stock to acquire all of the outstanding preferred stock of ToSI and the rights to accumulated unpaid dividends of 1,372.32 shares, or $137,235 if paid in cash or notes, from the ToSI preferred stock and subject to the waiver of any and all future rights to receive or earn dividends from ToSI until December 1, 1991. In May 1989, Series A preferred stockholders of 45,745 shares, affiliates related by common control, waived their rights to earn or receive any dividends from the Company until December 1, 1991. The Series A preferred stock may be redeemed after April 1, 1992, at the option of the Company, for either cash or a subordinated 12% note at a value of $100 per share. The Series A preferred stockholders do not have voting rights, except with respect to certain corporate actions which impair their rights and, in such instances, the affirmative vote of a majority of the Series A shares is required. The Series A stock accrues dividends payable at the Company's option, either in stock at the rate of 12% per annum, or in cash or notes at the rate of $100 per accumulated calculated share, payable quarterly. Dividends in arrears at 3/31/92 on this issuance of Series A cumulative redeemable preferred stock is approximately $182,980.

d. During the quarter ended March 31, 1992 the Company did not pay dividends on the original outstanding 1,450 shares of redeemable preferred stock held by its majority shareholder. Dividends in arrears on this issuance of Series A redeemable preferred stock is approximately $43,500 at March 31, 1992.

e. On February 18, 1992 the Company issued 1,080 shares of its Series A cumulative redeemable preferred stock with a liquidation value of $100 per share (or $108,000) to its President, Mr. Binder in exchange for $108,000.

Note 4-Capital Stock (continued)

f. On March 20, 1992 the Company issued 1,170 shares of its Series A cumulative redeemable preferred stock with a liquidation value of $100 per share (117,000) to its Chairman, Mr. Levin, in exchange for $117,000.

B. Common-stock

a. During the year ended June 30, 1990 the Company issued 1,015,000 shares of common stock from the exercise of Class A warrants at $.25 per share, or $151,440 net of offering costs of $102,310.

b. In July 1990, the Company issued shares of common stock resulting from the exercise of Class A warrants at $.25 per share or $400,526, of which $1,250 represents a receivable from the broker and is deducted from stockholders' equity in the consolidated balance sheet. All unexercised Class A warrants expired July 2, 1990.

C. Redeemable warrants

At March 31, 1992 the Company had outstanding Class B warrants to purchase 2,638,000 shares of the Company's common stock for $.50 per share. The Class B warrants expire June 30, 1992.

D. Redemption of cumulative redeemable preferred stock

On August 1, 1990 the Company redeemed 1,500 shares of its cumulative redeemable preferred stock, which was subject to immediate redemption by holder from the Company's majority stockholder for $150,000.

SECTOR ASSOCIATES, LTD.

Management's Discussion and Analysis of Financial Condition and Results of Operation

Results of Operations -Quarter Ended March 31, 1992

During the quarter ended March 31, 1992 the Company's major efforts have been: 1) The consolidation of ToSI's retail stores to its Kendall location; and 2) The reduction of ToSI's written to delivered sales backlog via the timely delivery of customers' merchandise. During the quarter, ToSI completed the consolidation sales at its Pompano, (Florida) and Dania (Florida) locations. On November 1, 1991 ToSI entered into the Sixth Amendment to the Settlement Agreement (Agreement) with its major supplier, Thomasville Furniture Industries (TFI). Among other things, TFI and ToSI agreed that a $500,000 Credit Line would be established by TFI for ToSI, and ToSI would continue to place receipts from customers for the purchase of TFI merchandise into a special account. The placement of consumers' receipts into a special account would assure a "free-flow" of merchandise to ToSI from TFI. The Agreement between ToSI and TFI helped to reduce the written to delivered sales backlog from $1,575,727 in December 31, 1991 to $889,220 at March 31, 1992. In February 1992, the special account was closed. TFI established a credit line of $150,000 for ToSI. It is management's opinion that the 150,000 credit line is adequate for ToSI's Kendall operations, but is currently negotiations.

Sales for the quarter ended March 31, 1992 decreased to 1,253,227 as compared to $2,758,613 for the quarter ended March 31, 1991 a decrease of $1,525,386. For the nine months ended March 31, 1992 sales were $5,967,547 as compared to $7,198,454 for the nine months ended March 31, 1991, an increase of $1,236,957 or 20.6%. The Company recognizes sales upon he delivery of the merchandise to the customer and not upon the written sale. Of the Company's delivered sales of 1,233,227 during the quarter ended March 31, 1992 approximately $252,358 (20.4%) were from the consolidation sale. For the nine months ended March 31, 1992 $1,413,299 of the Company's sales of $5,967,547 were from the consolidation sales.

Whereas the sales from the consolidation sale were of floor samples, they were not sold at ToSI's normal markup, thus reducing the Company's overall gross margin. Gross margin, as expressed as a percent of sales, for the three months and nine months ended March 31, 1992 were 30.6% and 35.5% respectively. Comparable gross margin as a percent of sales for the three and nine months ended March 31, 1991 were 42.8% and 42.4% respectively. Besides the effect the consolidation sale had on gross profit, management

Results of Operations -Quarter Ended March 31, 1992 (continued)

believes that the decline in the overall economy and local competition also selling TFI merchandise put pressure on the Company's pricing structure, thus lowering gross profit via discounts given to stimulate sales.

As the Company has consolidated its retail outlets, it has also attempted to reduce its expense structure. The problems of reducing the expense structure during the quarter and nine months ended March 31, 1992 are twofold: 1) The consolidation sale is outside the company's normal operating procedures, additional expenses have been incurred on advertising, selling, delivery and warehousing. The Company also retained the services of an outside consultant who specializes in these types of sales; and 2) In order to reduce the written to delivered backlog as quickly as possible by the timely delivery of merchandise to the consumer, the Company kept numerous parts of its operations intact including the warehousing, delivery and service departments. Operating expenses for the quarter ending March 31, 1992 were $646,605 or 42.5% of sales as compared to $1,421,266 or 51.5% of sales for the quarter ended March 31, 1991. For the nine months ended March 31, 1992 and March 31, 1991 operating expenses were 2,844,086 (47.5%) and 4,131,967 (57.5%) respectively. For the nine months ended March 31, 1992 the loss from operations decreased $197,401 to $733,680 as compared to the loss from operations of 931,081 for the nine months ended March 31, 1991.

Dividends paid or redeemable preferred stock to the Company's majority stockholder of 43,500 for the quarter ended March 31, 1991 increased the loss applicable to common stockholders to 100,670. No dividends were paid for the quarter ended March 31, 1992.

During the quarter ToSI continued the consolidation of its retail outlets, and the written to delivered sales backlog decreases, the Company accelerated its expense reductions. During the quarter ended March 31, 1992, ToSI relocated its warehouse to a smaller more cost effective facility. Personnel reductions were finalized at both the administrative and warehouse/handling levels. John Cormick, ToSI's President took over the sales manager position at the Kendall retail outlet. It is management's opinion that the Kendall retail outlet will be a profitable operation. It is also management's opinion that the Kendall store, due to its location, is less influenced by poor economic conditions and local competition than the stores that the Company has closed.

Results of Operations -Quarter Ended March 31, 1992 (continued)

As it is consolidating its retail furniture business, the Company is seeking other business opportunities believed to hold a potential for profit. The Company, on December 12, 1991, entered into an Area Development and Subfranchising Agreement with Koo Koo Roo, Inc., an owner, operator and/or franchisor of fast food restaurants featuring broiled, skinless chicken. The Company has been ranted exclusive rights to develop and operate Koo Koo Roo restaurants in the greater metropolitan areas of Atlanta, Georgia, and Orlando, Tampa, Clearwater, and St. Petersburg, Florida. In addition, the Company has the right of first refusal for Jacksonville Florida. In turn, the Company has agreed to open a specific number of restaurants on an annual basis in each franchised territory. After a minimum number of restaurants have been opened in each territory, the Company has the right to subfranchise within that territory.

The Company has been granted a forty (40%) percent interest in a newly formed corporation (FCS) that intends to establish and operate cable television systems in markets where an established operator exists. Although the FCS is negotiating the Hollywood, Florida to establish such a system, there has not been a definitive agreement.

During the quarter ended March 31, 1992 the Company in exchange or a Note loaned to Enviropact, Inc., a Florida corporation engaged in the business of providing other businesses comprehensive services related to compliance with present and future local, state and federal environment regulations, $1,000,000. Via the Agreement, the Company may obtain up to 80% ownership in Enviropact.

Liquidity and Capital Resources

At March 31, 1992 the Company had a negative working capital of $809,131. Included in current liabilities is $416,984 of customers' deposits for undelivered merchandise. The Company's written to delivered sales backlog was approximately $889,220 at March 31, 1992. During the quarter ended March 31, 1992 ToSI completed the consolidation sales at its Pompano and Dania retail outlets. Proceeds from these sales were used to further reduce current liabilities including payments on open TFI invoices. Also during the quarter, ToSI received $19,000 from Classic Motor Carriages, a company affiliated by common ownership. This money

Liquidity and Capital Resources (continued)

was used by ToSI as working capital.

Subsequent to the $100,000 payment to TFI from the reserve account (established via the consolidation sale proceeds from the Pompano and Dania outlets) the Sixth Amendment to the Settlement Agreement between TFI and ToSI was finalized. TFI established a $150,000 line of credit for ToSI. It is managements opinion that the $150,000 credit line will be adequate for ToSI's short term needs. By March 31, 1992 ToSI was able to reduce its open invoices with TFI by $283,661 to $73,581 from $356,642 at December 31, 1991. The Company is currently negotiating to sublet its stores in Pompano and Dania. The Company has, in management's opinion, favorable lease rates at these stores and is hopeful of subletting the stores at a profit. The Kendall outlet is ToSI's remaining retail store and has, historically been the highest revenue generator and most profitable of ToSI's outlets.

The Company has outstanding 2,638,000 redeemable Class B Warrants. The holder of a Class B Warrant may purchase one share of the Company's Common Stock for $.50. It is the Company's intention, upon approval by the Security and Exchange Commission, to offer 2,638,000 shares of Common Stock to the holder of these Class B Warrants. The Class B Warrants are exercisable through June 30, 1992.

SECTOR ASSOCIATES, LTD.

PART II

Item 1-Legal Proceedings

There were no material changes during the quarter ended March 31, 1992 from the quarter ended December 31, 1991.

Item 2-Changes in Securities

None

Item 3-Defaults upon Senior Securities

None

Item 4-Submission of Matters to a Vote of Securityholders

None

Item 5-Other Information

None

Item 6-Exhibits and Reports on Form 8-K

A. Exhibits

1. Exhibit 10.37. Sector's Promissory Note to GGL Industries dated January 31, 1992.

2. Exhibit 10.38. ToSI's Note to Classic Motor Carriages.

B. Reports on Form 8-K
There were no reports on Form 8-K this quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: 5/15/92

By: ______________________
Stephen R. Mifflin
Chief Financial Officer

SECTOR ASSOCIATES, LTD..

EXHIBIT 10.37

TO

FORM 10-Q

FOR THE

QUARTER ENDED

MARCH 31, 1992

PROMISSORY NOTE
(Demand - Scheduled Interest)

$1,000,000

January 31, 1992
Miami, Florida

FOR VALUE RECEIVED, the undersigned, SECTOR ASSOCIATES, LTD., (the "Undersigned"), hereby promise to pay, ON DEMAND, to the order of GGL INDUSTRIES, INC., a Florida corporation ("GGL"), at its offices at 16650 NW 27th Ave, Miami, Florida or at such other place as GGL may specify in writing to the Undersigned, the principal sum of One Million ($1,000,000) Dollars together with interest on the principal balance hereunder from January __, 1992 until payment in full of the entire principal amount of this Note at a floating rate per annum equal to ten (10%) percent. All interest on this Note shall be calculated based on a three hundred sixty (360) day year counting the actual number of days elapsed, and shall be payable in arrears on the first day of each calendar month until all principal and interest under this Note shall have been paid in full.

If a competent judicial or governmental authority should determine that the rate of interest under this Note exceeds a maximum rate permitted by applicable law or regulation, each payment of interest that exceeds such maximum rate shall be deemed a voluntary prepayment of principal.

The Undersigned and every other party endorsing or guaranteeing this Note (collectively, the "Obligors") agree that the Bank shall have a security interest in and a right of set-off with respect to all deposits or other sums credited by or due from GGL to the Obligors and a security interest in all securities or other property of the Obligors in GGL's possession for safekeeping or otherwise. GGL's security interest shall secure payment of this Note and the payment and performance of all other liabilities and obligations of the Obligors to GGL, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. In the event of any demand under this Note, regardless of the adequacy of collateral, without any demand or notice except as required by applicable law, GGL may apply or set-off such deposits or other sums and may sell or dispose of any or all of such securities or other property and may exercise any and all the rights it may have under the Florida Uniform Commercial Code, as in effect from time to time. The rights of GGL under this Note are in addition to, and not exclusive of, any other rights it may have with respect to such deposits, sums, securities or other property under other agreements or applicable principles of law. GGL shall have no duty to take steps to preserve rights against prior parties as to such securities or other property.

The Obligors further agree that they shall pay on demand all expenses of GGL, including reasonable attorneys' fees, incurred in the collection or enforcement of its rights under this Note or any security for it; to the fullest extent permissible, they waive presentment, demand for payment, protest and notice of nonpayment, and all other demands or notices otherwise required by law in connection with the delivery, acceptance, performance, default or enforcement of this Note; they consent to any extension or postponement of the time of payment or any other indulgence, any amendment or modification of any agreement, any substitution, exchange or release of collateral or to the additional release of any other party or person primarily or secondarily liable hereunder; no consent or waiver by GGL with respect to any actions or failure to act which, without consent, would constitute a breach of any provision of this Note, shall be valid and binding unless in writing and signed by GGL and no delay or omission of GGL in exercising any right or remedy hereunder shall constitute a waiver of any such right or remedy.

On demand of GGL, this Note and all interest accrued hereon shall become due and payable forthwith and the payment and acceptance of any sum on account of this Note shall not be considered a waiver of such right of election.

The Obligors agree that this Note shall be governed by the laws of the State of Florida. They consent to jurisdiction and service of process, which may be effected by certified mail, in the courts of the State of Florida and in the courts of the United States having jurisdiction thereof. The Obligors hereby further waive trial by jury in any action or proceeding relating to this Note.

IN WITNESS WHEREOF, the Undersigned have executed this Note on and as of the date first set forth above.

Attest:

SECTOR ASSOCIATES, LTD.

By:

SECTOR ASSOCIATES,LTD.

EXHIBIT 10.37

TO

FORM 10-Q

FOR THE

QUARTER ENDED

MARCH 31, 1992

Showcase Interiors
Thomasville Gallery®

PROMISSORY NOTE

FOR VALUE RECEIVED the undersigned, ToSI, Inc., 121 NE 179th Street, Miami, Florida 33162, herein promises to pay to the order of Classic Motor Carriages, 16650 NW 27th Avenue, Miami, Florida 33054, the sum of Nineteen thousand dollars ($19,000) at zero (0%) percent interest by July 15, 1992. In consideration therein, ToSI is also pledging the below described equipment as additional collateral against payment of this Note:

1. One 1986 Chevrolet Van, VIN #1GCDG15NOG7111138.
2. Two (2) forklifts, Model 30SP36TT, serial numbers W53831 and W53204.

IN THE EVENT that ToSI does not pay this note within the time specified, ToSI agrees to pay all costs and attorney fees reasonably required for the collection of the amount due and owing Classic Motor Carriages.

MADE this 12th day of March, 1992 at Classic Motor Carriages, 16650 NW 27th Avenue, Miami, Florida 33054.

Sharon K. Arrieta
Witness

Stephen R. Mifflin
Stephen R. Mifflin, Secretary
ToSI, INC.

T. DeLucca
Witness

B.W. Harrington Pres.
Ben Harrington, President
Classic Motor Carriages

SWORN TO and subscribed before me in Dade County, Florida this ____ day of March, 1992.

Sylvia V. Hibbert
Signature of Notary

My Seal expires: ________

SYLVIA V. HIBBERT
NOTARY PUBLIC
COMMISSION EXPIRES 7-12-94
STATE OF FLORIDA

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SECURITIES AND EXCHANGE COMMISSION

Washington D. C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended: March 31, 1992

PROCESSED BY
MAY 15 1992
11-11-V
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission File No. **0-11808**

INAV TRAVEL CORPORATION

(Exact name of Registrant as specified in its charter)

Colorado	**59-2219994**
(State or other jurisdiction of incorporation or organization	(I.R.S Employer Identification Number)
210 West Sixth Street, Suite 300 Fort Worth, Texas	**76102**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(817) 332-1189**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Number of shares of Common Stock $.001 par value, outstanding as of the close of business May 1, 1992: 11,612,882

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BEST COPY AVAILABLE

INAV TRAVEL CORPORATION

Form 10-Q

Quarter Ended March 31, 1992

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PART I - FINANCIAL INFORMATION

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INAV TRAVEL CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
Cash	$ 119,199	$ 256,901
Trade Accounts Receivable, Net	59,433	28,599
Notes Receivable - Current	164,791	188,376
Inventory and Prepaid Expenses	30,632	52,342
Current Assets	374,055	526,218
Property and Equipment, Net	38,685	36,191
Assets held for resale	708,870	708,870
Notes receivable - Long term	319,889	323,638
Land held for investment	500,000	500,000
Other assets	27,086	25,037
Total Assets	$1,968,585	$2,119,954

INAV TRAVEL CORPORATION

CONSOLIDATED BALANCE SHEETS
(Continued)

	March 31, 1992 (Unaudited)	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable - current	$ 246,300	$ 246,299
Capital lease obligation	1,220	1,390
Accounts payable	22,580	8,844
Accrued liabilities	156,244	164,479
Total Current	426,344	421,012
Capital Lease Obligation-Long Term	2,078	2,282
Other liabilities	550,107	550,107
Total Liabilities	$ 978,529	$ 973,401
Stockholders' Equity:		
Common Stock (Par .001)	11,613	11,613
Additional Paid in Capital	2,343,953	2,357,158
Accumulated deficit	(1,243,955)	(1,074,479)
Unamortized stock compensation	(95,816)	(122,000)
Treasury Stock	(25,739)	(25,739)
Total Stockholders' Equity	990,056	1,146,553
TOTAL LIABILITIES AND EQUITY	$1,968,585	$2,119,954

INAV TRAVEL CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	1992	1991
SALES:		
Travel Sales	$ 531,766	$ 496,952
Sporting Goods Sales	28,543	-
Total Sales Revenue	560,309	496,952
COST OF SALES:		
Cost of Sales - Travel	474,906	442,910
Cost of Sales - Sporting Goods	21,866	-
Total Cost of Sales	496,772	442,910
GROSS PROFIT	63,537	54,042
OPERATING EXPENSES:		
Advertising and promotion expenses	38,431	-
Other general and administrative expenses	204,381	145,513
Total Operating Expenses	242,812	145,513
LOSS FROM OPERATIONS	(179,275)	(91,471)
OTHER INCOME AND (EXPENSES):		
Interest Expense	(4,987)	(8,051)
Other, Net	14,786	7,401
Total Other	9,799	(650)
NET LOSS	$ (169,476)	$ (92,121)
NET LOSS PER SHARE	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	11,612,882	8,251,539

INAV TRAVEL CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(169,476)	$ (92,121)
Adjustments to reconcile net loss to cash used by operating activities:		
Depreciation and amortization	31,812	6,175
Change in accounts receivable	(30,834)	(5,464)
Change in notes receivable	27,334	(15,241)
Change in accounts payable	13,736	4,810
Change in accrued liabilities	(8,235)	7,752
Change in inventory, prepaid expenses and other assets	6,456	(7,493)
Other	(3,417)	-
NET CASH USED BY OPERATING ACTIVITIES	(132,624)	(101,582)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of equipment held for resale	-	41,953
Purchase of property and equipment	(4,704)	-
Payments related to the acquisition of Twistee Treat Corporation	-	(132,559)
NET CASH USED BY INVESTING ACTIVITIES	(4,704)	(90,606)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowing	-	(4,473)
Repayments of capital lease obligation	(374)	(776)
NET CASH USED BY FINANCING ACTIVITIES	(374)	(5,249)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(137,702)	(197,437)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	256,901	416,558
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 119,199	$ 219,121
SUPPLEMENTAL INFORMATION - Cash paid during the period for interest	$ 5,625	$ 1,354

See notes to financial statements

INAV Travel Corporation

Notes to Consolidated Financial Statements

1. UNAUDITED INFORMATION

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, although management believes the disclosures herein are adequate to make the information presented not misleading. These interim financial statements should be read in conjunction with the most recent financial statements of INAV Travel Corporation included in the Company's report on Form 10K for the year ended December 31, 1991.

The interim financial information included herein is unaudited; however it reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. The results of operation for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

2. BASIS OF PRESENTATION

As described in Note 3, on February 14, 1991 the shareholders of Thomas Enterprises, Inc. (Thomas) obtained 6,320,896 shares (including a 1,000,000 share finders' fee), or approximately 62% of the outstanding shares, of Twistee Treat Corporation (Twistee), a publicly owned company, in exchange for all the outstanding shares of Thomas. Following the transaction the Company changed its name to INAV Travel Corporation. For accounting purposes, the exchange of shares has been treated as a recapitalization by Thomas under the Twistee capital structure, and an issuance of equity by Thomas for Twistee's net tangible assets. The accounting treatment is similar to a purchase with Thomas the acquiring entity. Accordingly, the financial statements of the combined entity reflect the historical accounts for Thomas and the accounts of Twistee are included beginning February 1, 1991.

3. ACQUISITION OF TWISTEE TREAT CORPORATION

On February 14, 1991, the shareholders of Thomas exchanged all their shares for approximately 62% of Twistee Treat and Thomas became a wholly owned subsidiary of Twistee. The management of Thomas became the management of the combined company. Following the transaction, the Company changed its name to INAV Travel Corporation.

For accounting purposes, the transaction has been treated as a recapitalization by Thomas under the Twistee capital structure, and an issuance of equity by Thomas for Twistee's net tangible assets valued at approximately $1,943,000 as of January 31, 1991, the effective date for accounting purposes. Costs directly associated with the transaction of $95,468 were offset against the value of the net assets acquired. The accounting treatment is similar to a purchase with Thomas as the acquiring entity. The financial statements of the combined company reflect the historical accounts of Thomas and include the operations of Twistee beginning February 1, 1991.

During the period following the transaction through February 14, 1992, the Company continued to obtain information regarding the market values of Twistee's net assets at the time of the transaction, and the carrying values of such assets were reduced by $437,652. The reduction was accounted for as an adjustment to the purchase of Twistee Treat.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

INAV Travel Corporation ("the Company") was formed through the merger in February 1991 of Twistee Treat Corporation ("TWST"), a publicly owned company currently in Chapter 11 bankruptcy, and Thomas Enterprises, Inc. ("Thomas"), which operated a full service travel agency in Fort Worth, Texas.

As of the date hereof, TWST remains under the jurisdiction of the United States Bankruptcy Court and will continue to be under such jurisdiction until a final order of discharge is entered by the Court. With the settlement of certain major lawsuits brought against Twistee Treat and certain other matters completed under the terms of the bankruptcy decree, the Company has applied to the Court for a final order of discharge. However, a former executive of Twistee Treat, who is also a creditor, has filed a motion with the Court to convert the case to a Chapter 7 liquidation. The Company believes that it has overcome major and costly obstacles with the settlement of the major lawsuits and remains committed to the payment of priority claims and unsecured creditors as the assets held for resale are sold and as soon as practicable. The Company also believes that it should pay creditors on an equal basis and not give any one creditor preferential treatment.

On February 14, 1991, the shareholders of Thomas obtained approximately 62% of the outstanding shares of TWST in exchange for all the outstanding shares of Thomas. Although TWST is the surviving entity for legal purposes, Thomas is treated as the acquiring entity for accounting purposes. **Accordingly, the respective financial statements of the combined entity reflect the historical accounts of Thomas, and the accounts of TWST are included beginning February 1, 1991, which is considered the effective date for accounting purposes.**

On September 24, 1991, Thomas, formally a wholly owned subsidiary of the Company, was dissolved and all assets and liabilities were transferred to the Company.

The Company is now engaged in effecting the necessary reorganization of the Twistee Treat affairs in order to finalize the bankruptcy, attempting to sell assets held for resale in order to pay priority and unsecured creditors under the terms of the bankruptcy, managing its travel agency and exploring development opportunities in the direct merchandise marketing business.

RESULTS OF OPERATIONS FOR THE 3 MONTH PERIODS ENDED MARCH 31, 1992 AND 1991

This section compares INAV Travel Corporation for the quarter ended March 31, 1992, with the Company in the corresponding period in the prior year, during which the merger between Twistee Treat and Thomas Enterprises took place.

In the first quarter of 1992, travel sales and gross profit increased slightly as compared with the same period in 1991. General and Administrative expenses, as compared with the same period in 1991, increased by 97,299. This increase was mainly due to personnel costs; legal, accounting, stock exchange and transfer agent fees associated with the merger and with being a public company; and costs of development, advertising and direct mail programs. Operating Loss increased by a similar amount of $87,804, as compared with the first quarter 1991.

The scale and nature of the Company's business activities changed significantly in 1991 at the time of the merger. The obligations of the merged company including the Twistee Treat obligations, continue to surpass the ability of the existing Thomas business and new business activities to cover the combined expenses.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1992, the Company was obligated to pay unsecured creditors a total of $549,608, after payments totaling $91,465 since the merger. There is no designated time period required for the payment of the unsecured claims. At March 31, 1992, the Company was also obligated to pay priority claims of $95,758, after payments totaling $29,546 since the merger. The Company does not have the funds to pay its unsecured and priority claims at this time, but anticipates, but cannot assure, that funds to pay these claims will be obtained through the sale of and realization of assets held for sale and notes receivable. Also on that date, the Company had negative working capital of $52,589.

In addition, as of March 31, 1992, the Company had current assets of $374,055 (primarily cash and notes receivable due within one year) and non current notes receivable and assets for resale of $1,028,759. The company is attempting to liquidate these assets at a rate necessary to pay its bankruptcy obligations and to satisfy its own overhead expenses. At March 31, 1992, the Company also had land held for investment with a cost basis of $500,000, which it currently has on the market to sell. Since the merger, the Company has sold assets for $ 436,089 in cash and notes, but has been hampered by a sluggish Florida real estate market where a majority of the assets are located. Management cannot predict when sales of these remaining assets will occur.

The Company intends to use proceeds from the asset sales, if any, to pay costs associated with the sale and maintenance of assets, legal fees, back ad valorem taxes and repay creditors. Any remainder of the proceeds and the Company's remaining cash balance, if any, would be used in the development of its travel and other business.

The Company has debt created when it drew down funds for working capital on a bank credit facility in 1989 and 1990. This bank debt had a balance at March 31, 1992 of $246,300. The interest rate in effect at March 31, 1991 was 8 percent.

The Company has been unable to generate sufficient cash flow from operations to implement its business plan. Unless it is able to generate profitable operations or raise additional funds, it may be unable to continue as a going concern. The Company may attempt to sell stock through private placements or obtain additional bank financing in 1992 as necessary to fund the growth activities of the travel and direct marketing business. There can be no assurance that the Company can be successful in this regard.

SIGNATURE

Pursuant to the requirements of the securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned whereunto duly authorized.

Henry T. Stanley

Date: May ___, 1992

Henry T. Stanley, President
Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

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For Quarter Ended May 31, 1992

File Number 2-73419-NY

JEC Lasers, Inc.
(Exact Name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of incorporation or organization)

22-2175591
(I.R.S. employer identification no.)

441 Market Street, Saddle Brook, New Jersey
(Address of principal executive offices)

07662
(Zip Code)

Registrant's telephone number including area code (201) 843-6600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The number of shares of the registrant's common stock outstanding as of May 31, 1992 was:

Common Stock, par value $.01 per share, 3,668,822

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JEC LASERS, INC.

BALANCE SHEETS
(Unaudited)

	May 31, 1992	August 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash	$ 160	$ 473
Accounts receivable, net of allowance for doubtful accounts of $2,500	44,584	19,566
Inventories (Note 3)	63,006	27,423
Other current assets	29,238	17,887
Total current assets	136,988	65,349
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, Net	2,048	3,911
DUE FROM ROBOTIC LASERS, INC. (Note 4)	-	314,343
OTHER ASSETS	3,379	3,379
	$ 142,415	$ 386,982
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Secured note payable	$ 368,522	$ 338,492
Notes payable, Coherent (Note 6)	185,110	120,108
Notes payable, other	65,773	65,773
Accounts payable	72,987	41,779
Salaries and employee benefits	11,188	6,269
Accrued and other current liabilities	50,311	43,048
Total current liabilities	753,891	615,469
CONTINGENCY (Note 5)		
STOCKHOLDERS' EQUITY (DEFICIT):		
Common stock - $.01 par value: authorized 20,000,000 shares; outstanding: 3,668,822 shares	36,688	36,688
Capital in excess of par value	2,699,360	2,699,360
Accumulated deficit	(3,347,524)	(2,964,535)
Total stockholders' equity (deficit)	(611,476)	(228,487)
	$ 142,415	$ 386,982

The accompanying notes to financial statements are an integral part of these statements.

JEC LASERS, INC.

STATEMENTS OF OPERATIONS (Note 2)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1992	1991	1992	1991
Revenue:				
Net sales	$115,123	$268,254	$329,286	$457,714
Costs and expenses:				
Cost of sales	62,263	128,870	202,078	244,078
Selling, general and administrative	70,068	91,068	210,836	228,459
Bad debt expense - Robotic (Note 4)	266,450	-	266,450	-
	398,781	219,938	679,364	472,537
Income (Loss) from operations	(283,658)	48,316	(350,078)	(14,823)
Other income (expense)-interest, etc.	(11,363)	(10,387)	(32,911)	(27,663)
Net income (loss)	($295,021)	$ 37,929	($382,989)	($ 42,486)
Income (Loss) per common share	($.080)	$.010	($.104)	($.012)
Weighted average number of common shares outstanding	3,668,822	3,668,822	3,668,822	3,668,822

The accompanying notes to financial statements are an integral part of these statements.

JEC LASERS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended May 31,	
	1992	1991
Cash flows from operating activities:		
Net (loss)	($382,989)	($ 42,486)
Adjustments to reconcile net income to net cash provided by (applied to) operating activities:		
Depreciation and amortization	1,863	1,662
Write-off of Robotic receivable (Note 4)	266,450	-
Change in assets and liabilities:		
(Increase) in accounts receivable, net	(25,018)	(49,666)
(Increase) in inventories	(35,583)	(1,987)
(Increase) in other assets	(11,351)	(2,139)
Increase (Decrease) in accounts payable	30,002	(12,068)
Increase in accrued liabilities, salaries and employee benefits and other currrent liabilities	12,182	1,112
Net cash applied to operating activities	(144,444)	(105,572)
Cash flows from investing activities:		
Purchase of equipment	-	(1,522)
(Advances to) repayment from Robotic Lasers, Inc.	49,099	(48,980)
Net cash provided by (applied to) investing activities	49,099	(50,502)
Cash flows from financing activities:		
Repayment of notes payable	-	(25,000)
Proceeds from notes payable	95,032	180,707
Net cash provided by financing activities	95,032	155,707
Net (decrease) in cash	(313)	(367)
Cash at beginning of year	473	1,191
Cash at end of the period	$ 160	$ 824

The accompanying notes to financial statements are an integral part of these statements.

JFC LASERS, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1 Basis of Presentation

The accompanying financial statements as at May 31, 1992 and for the three-month and nine-month periods ended May 31, 1992 and May 31, 1991 are unaudited; however, in the opinion of management of JFC Lasers, Inc. such statements include all adjustments (consisting of normal recurring accruals) necessary to a fair statement of the information presented therein. The balance sheet as at August 31, 1991 was derived from the unaudited financial statements at such date.

Pursuant to accounting requirements of the Securities and Exchange Commission applicable to quarterly reports on Form 10-Q, the accompanying financial statements and these notes do not include all disclosures required by generally accepted accounting principles for complete financial statements. Accordingly, these statements should be read in conjunction with the Company's most recent annual financial statements.

Results of operations for interim periods are not necessarily indicative of those to be achieved for full fiscal years.

Note 2 Operations

Through May 31, 1992, the Company continued to experience difficulty in funding current operations. Management is continuing its efforts to conserve cash and improve the Company's financial position by settling past due accounts payable. In order to deal with its past-due accounts payable and other liabilities, the Company arranged a meeting of its general creditors which was held on March 11, 1987. During that meeting, a creditors' committee was formed and the committee engaged legal counsel. The Company formulated an out-of-court settlement plan which called for a payment of 10¢ on the dollar. The plan was accepted by a majority of the Company's creditors. As of May 31, 1992, approximately $616,700 or 96.3% of the Company's unsecured trade payables have been settled under the aforementioned terms.

Note 3 Inventories

Inventories consist of the following:

	May 31, 1992	August 31, 1991
Components, parts and subassemblies	$15,506	$27,423
Work in process	42,500	-
Finished goods	5,000	-
	$63,006	$27,423

Note 4 Due from Robotic Lasers, Inc.

Robotic Lasers is in the development stage and has not yet generated any significant revenues from operations. Robotic Lasers' funds to date have been provided by borrowings from JEC Lasers, Saddle Brook Investors and from an officer and shareholder of Robotic Lasers. However, due to a present lack of funds, Robotic Lasers has suspended operations. Robotic Lasers is seeking to obtain funds through a public offering of securities and through other sources. At May 31, 1992, the receivable from Robotic was deemed uncollectible and written off.

Note 5 Contingency

On July 19, 1989, Patlex Corporation filed suit against JEC Lasers in the United States District Court, District of New Jersey. The suit claims that JEC Lasers became bankrupt and has made an assignment for benefit of creditors and seeks to enjoin JEC Lasers from effecting a transfer of its rights, licenses and obligations under its License Agreement without the prior written consent of Patlex. The Company has filed a counteraction against Patlex seeking compensatory and punitive damages.

Note 6 Notes payable - Coherent

During the year ended August 31, 1991, the Company signed a letter of intent with Coherent, Inc. to enter into an agreement whereby Coherent would be granted an option to acquire JEC Lasers. The option, which is exercisable at the discretion of Coherent over a 24-month period, is subject to the completion of a formal agreement, the approval of the boards of directors of both companies and the stockholders of JEC, and the favorable disposition of the pending lawsuit between JEC and Patlex (see Note 5).

Pending the completion of the transaction, Coherent will provide JEC with a line of credit up to $450,000. As of May 31, 1992, Coherent has advanced JEC $185,110 against this line of credit. These notes bear interest at 10% per annum (with the exception of advances for attorneys fees which are currently non-interest bearing) and are to be repaid from accounts receivable collections. Advances for attorneys fees would begin to accrue interest at a rate of 10% per annum beginning on the date that Coherent notifies JEC that they will not exercise the option and the notes would then be payable one year from that date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

At May 31, 1992, current assets were lower than current liabilities by $616,903, while at August 31, 1991, current assets were lower than current liabilities by $550,120. The current ratio was 0.18:1 at May 31, 1992 compared to 0.11:1 at August 31, 1991.

Through May 31, 1992, the Company continued to experience difficulty in funding current operations. Management is continuing its efforts to conserve cash and improve the Company's financial position by settling past due accounts payable. In order to deal with its past-due accounts payable and other liabilities, the Company arranged a meeting of its general creditors which was held on March 11, 1987. During that meeting, a creditor's committee was formed and the committee engaged legal counsel. The Company formulated an out-of-court settlement plan which called for a payment of 10¢ on the dollar. The plan was accepted by a majority of the Company's creditors. As of May 31, 1992, approximately $616,700 or 96.3% of the Company's unsecured trade payables have been settled under the aforementioned terms.

During the year ended August 31, 1991, the Company signed a letter of intent with Coherent, Inc. to enter into an agreement whereby Coherent would be granted an option to acquire JEC Lasers. Pending the completion of the transaction, Coherent will provide JEC with a line of credit of $450,000. As of May 31, 1992, Coherent has advanced JEC $185,110 against this line (see Note 6).

Operations

Total revenues for the three and nine months ended May 31, 1992 decreased $153,131 or 57.1% and $128,428 or 28.1%, respectively, from the prior year periods. Net loss for the three months ended May 31, 1992 amounted to $295,021 or 8.0 cents a share compared to net income of $37,929 or 1 cent a share for the prior year period. The net loss for the nine months ended May 31, 1992 amounted to $382,989 or 10.4 cents a share compared to a net loss of $42,486 or 1.2 cents a share for the prior year period. The loss in both 1992 periods includes a one-time charge to operations of $266,450 or 7.3 cents a share to write off an uncollectible receivable from Robotic (see Note 4).

The sales order backlog of the Company was $111,112 as of May 31, 1992 compared with $101,592 at August 31, 1991. Management believes that the Company's difficulty in maintaining a reasonable level of sales order backlog is mainly due to the concern of potential customers about the Company's financial situation and to the Company's reduced marketing efforts.

Cost of sales, expressed as a percentage of sales, increased to 54.1% for the three months ended May 31, 1992 compared to 48.0% in the 1991 period. Cost of sales, expressed as a percentage of sales, was 61.4% for the nine months ended May 31, 1992 compared to 53.3% in the prior year period. Selling, general and administrative expenses decreased $21,000 and $17,623 for the three-month and nine-month periods, respectively, compared to the prior year periods. The decrease is primarily due to a decrease in legal costs in 1992 from the Company's lawsuit with Patlex (see Note 5) and from lower sales commissions incurred due to the lower level of sales. Research and development expenses have been eliminated for the time being.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the three months ended May 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JEC LASERS, INC.

Date 7/9/92

John W. Wasko
President and Principal
Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File No: 0-4289

MINUTE MAN OF AMERICA, INC.
(Exact name of registrant as specified in its charter)

Arkansas
(State or other jurisdiction of incorporation or organization)

71-0390957
(I.R.S. Employer Identification No.)

8501 Asher Avenue, Little Rock, Arkansas
(Address of principal executive offices)

72204
(Zip Code)

Registrant's telephone number, including area code: (501) 565-8271

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes_____ No__X__

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 31, 1992
Common Stock, par value $0.10 per share	827,144

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MINUTE MAN OF AMERICA, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MINUTE MAN OF AMERICA, INC.
BALANCE SHEETS

	March 31, 1992 (Unaudited)	September 30, 1991
ASSETS		
Current Assets:		
Cash	$ 142	$ 140
Accounts and notes receivable	519	473
Total Current Assets	661	613
Property, plant and equipment	-	-
Total Assets	$ 661	$ 613
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	$ 23,981	$ 23,831
Accrued interest payable	6,780	6,466
Accrued expenses - other	68	8
Total Current Liabilities	30,829	30,305
Indebtedness to Related Parties	4,641	12,365
Notes Payable	8,464	8,464
Total Liabilities	43,934	51,134
Stockholders' Equity (Deficit)		
Common stock $.10 par value	97,654	97,654
Capital in excess of par value	930,496	930,496
Accumulated deficit	(1,021,317)	(1,028,565)
Treasury stock, at cost	(50,106)	(50,106)
Total Stockholders' Equity (Deficit)	(43,273)	(50,521)
Total Liabilities & Stockholders' Equity	$ 661	$ 613

MINUTE MAN OF AMERICA, INC.
STATEMENTS OF OPERATIONS
(unaudited)

	THREE MONTHS ENDED MARCH 31		SIX MONTHS ENDED MARCH 31	
	1992	1991	1992	1991
REVENUES:				
Royalties	$ 5,146	$ 4,674	$10,151	$ 9,345
Other Income	1	228	2	229
Total Revenues	$ 5,147	$ 4,902	$10,153	$ 9,574
EXPENSES:				
General and Administrative	1,416	1,235	2,591	2,541
Interest Expense	120	408	314	884
Total Expenses	1,536	1,643	2,905	3,425
Income Before Federal Income Tax and Extraordinary Credit	3,611	3,259	7,248	6,149
Federal Income Tax	541	488	1,087	922
Income Before Extraordinary Credit	3,070	2,771	6,161	5,227
Extraordinary credit for utilization of tax loss carry forward	541	488	1,087	922
Net Income	$ 3,611	$ 3,259	$ 7,248	$ 6,149
Net Income per Share	Nil	Nil	0.01	0.01

MINUTE MAN OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

	FOR THE SIX MONTHS ENDED MARCH 31,	
	1992	1991
Cash flows from operating activities:		
Net income before extraordinary items	$ 6,161	$ 5,227
Adjustments to reconcile net income to net cash provided from operating activities:		
Utilization of Net Operating Loss	1,087	922
(Increase) decrease in:		
Accounts receivable	(46)	(71)
Increase (decrease) in:		
Accounts payable	150	(97)
Accrued liabilities and deferred income	374	122
Net cash provided by operating activities	7,726	6,103
Cash flows from investing activities:		
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Decrease in indebtedness to related parties	(7,724)	(6,100)
Net cash used in financing activities	(7,724)	(6.100)
Increase (decrease) in cash	2	3
Cash beginning of period	140	134
Cash end of period	$ 142	$ 137

MINUTE MAN OF AMERICA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. The balance sheet, the statements of operations and the statements of cash flows have been prepared by Minute Man of America, Inc. ("Company"), without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1991 annual report on Form 10-K. The results of operations for the six months ended March 31, 1992 are not necessarily indicative of the operating results for the full year.

Item 2. Management's Discussion and Analysis of Financial Condition and Operating Results

RESULTS OF OPERATIONS:

Revenues from franchise royalties for the first half of fiscal year 1992 were $10,151 compared with $9,345 for the corresponding period of fiscal year 1991. Net income for the first half of fiscal year 1992 increased by $1,099 from the level for the corresponding period of fiscal year 1991. This increase in net income was primarily due to lower interest expense and increased franchise royalities. Other expenses remained approximately the same for the six months periods.

LIQUIDITY AND CAPITAL RESOURCES:

At March 31, 1992, the Company's assets were $661 compared with $613 at September 30, 1991. The Company's current liabilities were $30,829 at March 31, 1992 compared with $30,305 at September 30, 1991. Accordingly, the Company had working capital deficits of $30,168 and $29,692 at March 31, 1992 and September 30, 1991, respectively. The Company anticipates it will receive approximately $30,000 in June, 1992 on the sale of stock. The proceeds from the sale of stock will be used to pay for professional fees in connection with various Company reports.

PART II. OTHER INFORMATION

Items 1 through 3.
None

Item 4. Submission of Matters to a Vote of Security Holders.
None

Item 5. Other Information.
None

Item 6. Exhibits and Reports on Form 8-K.

(a) None

(b) Reports on Form 8-K. - There were no reports on Form 8-K filed for the six months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MINUTE MAN OF AMERICA, INC.
(Registrant)

Date: May 12, 1992

James L. Hansen

James L. Hansen
Secretary-Treasurer and
Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission file number 0-16179

GEXA GOLD CORPORATION
(Exact name of registrant as specified in its charter)

NEVADA	88-0208250
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer Ident. No.)
1015 Telegraph St., Suite B, Reno, Nevada	89502
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (702) 786-7667

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Not Applicable
Former name, former address and former fiscal year if changed since last report

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

The number of shares of the Registrant's common stock outstanding as of May 06, 1992 was 8,546,216.

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GEXA GOLD CORPORATION

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

GEXA GOLD CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31 1992 and December 31, 1991

	March 31, 1992 (Unaudited)	December 31, 1991 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 338,684	$ 385,938
Accounts receivable		
Gold Sales	19,688	23,570
Joint Venturers	6,245	6,258
Other	549	549
Unleached ore & related inventory	20,622	36,097
Other	12,870	48,660
Total current assets	398,659	501,072
Property and Equipment		
Mining Operations	1,117,944	1,115,736
Equipment	41,743	41,743
	1,159,687	1,157,479
Less accumulated depreciation	(534,726)	(508,360)
	625,461	649,119
Mineral properties, net of amortization of $1,513,495 in 1992 and $1,513,495 in 1991	3,363,673	3,279,579
Total assets	$4,387,793	$4,429,770
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$1,396,694	$1,076,964
Current portion of long-term debt	2,308,526	2,489,820
Total current liabilities	3,705,225	3,566,784
Long-term debt	934,813	999,153
Total liabilities	$4,640,038	$4,565,937

See Accompanying Notes

GEXA GOLD CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 1992 and December 31, 1991

	March 31, 1992 (Unaudited)	December 31, 1991 (Unaudited)
Shareholders' equity:		
Convertible preferred stock	$ 47,225	$ 47,225
Common stock	89,294	89,294
Contributed capital	2,894,387	2,894,387
Accumulated deficit	(3,283,151)	(3,167,073)
Total shareholders equity	(252,245)	(136,167)
Total liabilities and shareholders' equity	$ 4,387,793	$ 4,429,770

See Accompanying Notes

GEXA GOLD CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
Gold sales, net of refining costs	$ 776,683	$ 437,326
Cost of sales (mining operations):		
Production costs	80,265	263,110
Depreciation and amortization	24,305	150,500
General and administrative	-0-	50,845
	104,568	464,455
Gross profit from mining operations	26,885	22,871
General and administrative	110,976	95,400
Exploration	4,194	25,817
Interest expense	-0-	83,383
Depreciation	1,563	3,991
	221,300	208,591
	(143,617)	(185,720)
Other income:		
Interest income	2,803	4,072
Gain (loss) on sale of Equipment & miscellaneous	24,737	(1,226)
	27,540	2,846
Net loss	$ (116,077)	$ (182,874)
Net loss per share	$ (.01)	$ (.02)
Weighted average shares outstanding	8,546,216	8,504,425

GEXA GOLD CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
Cash flows from operating activities:		
Net loss	$ (116,078)	$ (182,874)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	25,866	154,491
(Increase) decrease in accounts receivable	3,895	239,719
(Increase) decrease in inventory	15,475	72,502
(Increase) decrease in other current assets	35,798	(162,520)
Increase (decrease) in accounts payable	319,735	110,468
Total cash provided by operating activities	284,691	231,786
Cash flows from investing activities:		
Proceeds from sale of equipment	-0-	367
Purchase of property,plant and equipment	(2,208)	(1,063)
Additions to mineral properties	(34,094)	(103,122)
Net cash used in investing activities	(36,302)	(103,818)
Cash flows from financing activities:		
Increase (decrease) in advances from joint venturers	-0-	(168,690)
Increase in long-term debt and accrued interest	(245,643)	159,852
Net cash provided by (used in) financing activities	(245,643)	(8,838)
Net increase (decrease) in cash	(47,254)	119,130
Cash at beginning of period	385,938	29,749
Cash at end of period	$ 338,684	$ 148,879
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for interest	$ 2,500	$ 3,000

See Accompanying Notes

1. Interim Period Reporting:

While the information presented in the accompanying condensed consolidated financial statements is unaudited, it includes all adjustments of a normal recurring nature which are, in the opinion of management, necessary to present fairly the condensed consolidated financial position of GEXA Gold Corporation (the "Company") at March 31, 1991 and condensed consolidated results of operations and cash flows for the interim periods reported. The results of operations for the interim periods presented are not necessarily indicative of the results expected for the full fiscal year.

Certain information and footnote disclosures normally contained in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, these condensed financial statements should be read in conjunction with the Company's financial statements contained in its 1990 Annual Report on Form 10-K.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Mining of the oxide ore at the Mother Lode Mine was completed during the fourth quarter of 1990, however processing of ores from the pit continues. For the three months ended March 31, 1992 and 1991 the Company's share of operating revenues from the mine amounted to approximately $77,683 and $487,326, respectively. The cost of sales decreased from $464,455 for the three months ended March 31, 1991 to $104,568 for the three months ended March 31, 1992, resulting in a gross profit from mining operations of approximately $22,871 and $26,885 for the respective periods. The decrease in cost of goods sold resulted from the winding down of the operations at the Mother Lode Mine and reduced staffing levels and other administrative costs.

The Company anticipates the processing of the Mother Lode ores to continue into the third quarter of 1991.

Liquidity and Capital Resources

The excess of the Company's current liabilities over current assets at March 31, 1992 and December 31, 1991 amounted to approximately $3,306,566 and $3,065,712 respectively. Working capital was provided by certain shareholder's of the Company for the first quarter of 1992.

Liquidity and Capital Resources, continued

Total current liabilities exceeded total current assets by $3,306,566 at March 31, 1992, primarily as a result of the reduced mining activity and the restructuring of long-term debt.

In February of 1992, the Company received a lease payment of $20,000 from Granges for lease on GEXA's SD Claims.

On April 28, 1992, the Company signed a letter of intent with Reclamation Management Corporation ("RMC") to provide GEXA with further financing, as more fully explained in Part II, Item 5, and as exhibited in Exhibit B.

The Company continues to seek further financing through private placement and the seeking of possible joint venture partners on their various exploration properties.

PART II - OTHER INFORMATION

Item 5. Other Information.

On April 18, 1992, GEXA signed a letter of intent (Exhibit 10(a)) with Land Technologies, Inc. ("LTI") for a merger of the two companies whereby LTI would be a wholly owned subsidiary of GEXA after the completion of the agreement.

In connection with the signed agreement between GEXA and LTI, the Company has signed a letter of intent with Reclamation Management Corporation ("RMC") (Exhibit 10(b)), whereby RMC would provide management and financing for the contemplated merger between GEXA and LTI.

Item 6. Exhibits and Reports on From 8-K.

(a) Exhibits.

10(a) Letter of Intent, dated April 18, 1992, between GEXA and LTI.

10(b) Letter of Intent, dated April 28, 1992, between GEXA and RMC.

(b) Reports on Form 8-K.

None.

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GEXA GOLD CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GEXA GOLD CORPORATION
(Registrant)

Dated May 21, 1992

ROBERT D. MCDOUGAL
PRESIDENT

Dated May 21, 1992

LAURA B. KALBFLEISCH
TREASURER

GEXA GOLD CORPORATION

[illegible]

April 18, 1992

LETTER OF INTENT

Mr. Herb Pearse
Land Technologies, Inc.
P. O. Box
Issaquah, WA

Dear Mr. Pearse:

You have advised GEXA Gold Corporation (GEXA) that Land Technologies, Inc. (ITI) is willing to merge LTI with GEXA under the following general terms and conditions:

(1) GEXA will issue to the shareholders of LTI the greater of one million shares or an amount equal to ten percent of the outstanding shares of GEXA as of the date of closing for all the issued and outstanding shares of LTI. The ten percent amount will be adjusted upward , to maximum of one million two hundred thousand shares, if after closing additional shares of GEXA are issued in lieu of repayment of the debt to Coeur d'Alene Mines, Inc.

(2) GEXA will pay to the current shareholders of LTI, or assigns, a royalty of three and one-half percent of the revenue received per ton of hydrocarbon contaminated soils treated by GEXA or its subsidiaries worldwide.

(3) GEXA acknowledges that the principals of LTI will have the exclusive right to process such materials from the State of Washington. GEXA will negotiate with the principals of LTI at a later date on the processing in the State of Washington.

(4) Of the above three and one-half percent royalty one and one-half percent (1-1/2%) will be paid when the material is delivered for processing and the processing fee is totally paid. The remaining two percent will be paid when the material is certified to meet local standards.

(5) It is recognized that certain key people of LTI are required to be involved in this process and will be offered employment contracts. Herb Pearse will be required to devote an agreed upon amount of his professional time to GEXA/LTI.

Initials

(6) GEXA will be protected as to the source of EnviroMech Gold required to successfully use this process. Upon merger the EnviroMech Gold formula will be placed with a chemical batch facility selected by Herb Pearse. In the event the EnviroMech Gold product is not available through Pearse or his assigns access to the product will be available through the chemical batch facility.

(7) Pearse agrees to sell and make available EnviroMech Gold to GEXA through the chemical batch plant at a mutually agreed upon competitive price in accordance with normal pricing standards of the industry. Pearse may sell EnviroMech Gold to others as long as it is not being used as an agent in the bioremediation of hydrocarbon contaminated soils without the express written agreement of Gexa.

(8) This agreement is contingent upon GEXA supplying funding in a timely manner to place the Hazen site into production. Funding will be required to accomplish the following:

a) To pursue the permitting process and commence site preparation (surveying, grading, etc.)

b) To complete site installation and commence operations of the facility. This is to include the receiving area and at least one treatment cell.

During the permitting and bonding process GEXA will make every effort to assist in and expedite the permitting process. Further, every effort will be made by GEXA to assist LTI in the contracting of soil for treatment.

(9) Engineering and permitting expenses paid to date for the Hazen facility will be reimbursed to LTI principals upon completion of the merger.

(10) One seat on the board of directors of GEXA will be made available for the appointment by the principals of LTI.

(11) GEXA/LTI will diligently pursue the expansion of the Hazen site and the permitting of additional sites once the first treatment cell at Hazen is operational.

(12) Time is of the essence. It is acknowledged that GEXA has commenced funding the permitting process and has sixty days from the above date to complete this merger.

LAND TECHNOLOGIES, INC.

Herbert R. Pearse
President

GEXA GOLD CORPORATION

Robert D. McDougal
President

GEXA GOLD CORPORATION

1015 Telegraph St. Suite B
P.O. Box [illegible]
[illegible]
[illegible]

April 28, 1992

To: Mr. Dennis Sheppard
Reclamation Management Corporation

From: Mr. Robert D. McDougal
GEXA Gold Corporation

Re: Soil Bioremediation Project

This is a preliminary letter of intent to outline an agreement in principle between Gexa Gold Corporation (GEXA) and Reclamation Management Corporation (RMC) to establish, operate and maintain a remediation center for the treatment of hydrocarbon contaminated soils. This letter is subject to approval by the respective boards. The final contract to be prepared in conjunction with legal counsel and have regulatory approval.

RMC understands that GEXA has obtained an exclusive right or license for the application of a surfactant which enhances bacterial activity in hydrocarbon contaminated soils, such that the hydrocarbons are efficiently removed and the soil then can be used for agricultural or other applications. GEXA through test results that it has obtained, is confident that the process works in large scale operations.

RMC also understands that GEXA has leased land for the purpose of establishing and operating a plant to carry out this treatment, and that all necessary permits and licenses to preform this soil remediation activity have been granted by all the appropriate authorities, including the landowner, the county, the state of Nevada, and other authorities who might be expected to have jurisdiction over such a facility.

RMC is prepared to finance and supervise, under the direction and to the specifications of GEXA, the construction and the establishment of a treatment facility capable of processing up to 1,200,000 tons of soil per year. In addition, RMC shall have an operating contract to operate the facility exclusive of the laboratory, related personnel, and quality control over the bioremediation process. This contract will remain in effect over the entire period of the facilities existence. GEXA will furnish supervision over the complete bioremediation process. Ownership rights to all installed facilities shall remain with RMC. RMC will be responsible for legal and other functions required to successfully manage the operation.

INITIALS ______

RMC will have the right to enter into a similar agreement on at least the next five such operations contemplated by GEXA. Future operations of this nature may, however, have a different legal structure, the percentage ownership of which is subject to further negotiation by the parties.

For its services, RMC will earn a management fee, payable monthly, equal to 10% of the net operating cash flow of the activity. In addition, RMC is entitled to 50% of the profits before depreciation, interest and income taxes.

Dennis Sheppard
Reclamation Management

Robert D. McDougal
GEXA Gold Corporation